

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported): July 30, 2020

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-35547
(Commission
File Number)

36-4392754
(IRS Employer
Identification No.)

222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (312) 506-1200

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicated by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common Stock, par value \$0.01 per share

Trading Symbol
MDRX

Name of Each Exchange on which Registered
The Nasdaq Stock Market LLC
(Nasdaq Global Select Market)

Item 2.02 Results of Operations and Financial Condition.

On July 30, 2020, Allscripts Healthcare Solutions, Inc., a Delaware corporation (the “Company”) issued a press release regarding the Company’s financial results for the three and six months ended June 30, 2020. A copy of the press release is attached hereto as Exhibit 99.1.

The information furnished pursuant to this Item shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 7.01 Regulation FD Disclosure.

The Company’s supplemental investor presentation materials, dated July 30, 2020, are attached hereto as Exhibit 99.2. In addition, certain supplemental financial data including historical information related to the Company’s reportable segments is attached hereto as Exhibit 99.3. The supplemental financial information does not revise Allscripts’ previously reported consolidated financial information, nor does it reflect any subsequent information or events, other than as required to reflect the change in reportable segments.

The information furnished pursuant to this Item shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Exhibit Description
99.1	Press release issued by Allscripts Healthcare Solutions, Inc. on July 30, 2020
99.2	Supplemental investor presentation materials of Allscripts Healthcare Solutions, Inc. dated July 30, 2020
99.3	Segment supplemental financial information of Allscripts Healthcare Solutions, Inc.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

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 hereunto duly authorized.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

Date: July 30, 2020

By: /s/ Rick Poulton
Rick Poulton
President and Chief Financial Officer

Allscripts Announces Second Quarter 2020 Results

- **GAAP EPS of (\$0.05); 6% year-over-year growth in non-GAAP diluted EPS to \$0.18**
- **Signed definitive agreement to sell EPSi business unit for \$365 million**

CHICAGO--(BUSINESS WIRE)--July 30, 2020--Allscripts Healthcare Solutions, Inc. (Nasdaq: MDRX) (Allscripts) announced its financial results for the three and six months ended June 30, 2020.

Bookings⁽¹⁾ were \$188 million in the second quarter of 2020. This result compares with \$276 million in the second quarter of 2019. Contract revenue backlog totaled \$4.4 billion as of June 30, 2020.

Second quarter 2020 revenue was \$406 million compared with \$445 million in the second quarter of 2019.

On a GAAP basis in the second quarter of 2020 loss from operations was \$5 million and included \$28 million of severance and other restructuring charges related to the Company's significant cost reduction actions executed during the quarter. GAAP income from operations in the second quarter of 2019 was \$5 million and included \$9 million of restructuring and other charges. Non-GAAP income from operations in the second quarter of 2020 was \$45 million compared with \$45 million in the second quarter of 2019.

GAAP net loss in the second quarter of 2020 totaled \$8 million compared with \$150 million in the second quarter of 2019. Non-GAAP net income in the second quarter of 2020 was \$30 million compared with \$29 million in the second quarter of 2019.

GAAP loss per share in the second quarter of 2020 was \$0.05 compared with loss per share of \$0.90 in the second quarter of 2019. Non-GAAP diluted earnings per share in the second quarter of 2020 were \$0.18 compared with \$0.17 in the second quarter of 2019.

Adjusted EBITDA totaled \$77 million in the second quarter of 2020, compared with \$75 million in the second quarter of 2019.

Earlier today, Allscripts signed a definitive agreement to sell its EPSi business unit to Strata Decision Technology, a unit of Roper Technologies, Inc. for \$365 million. The transaction is expected to close later in the third quarter once customary closing conditions are satisfied. Upon transaction close, the EPSi client base and associates will transition to the buyer. The two companies will operate independently until the deal closes.

"Our second quarter results showed resilience as Allscripts and our clients continued to manage through the COVID-19 pandemic," commented Paul M. Black, Allscripts Chief Executive Officer. "We leveraged both new and existing innovative solutions to support our clients and improve patient outcomes during this challenging time. At the same time, we remain focused on improving our cost structure to reflect the current revenue environment and we were successful in expanding Adjusted EBITDA margins across our business. We expect to remain disciplined around costs while also delivering for our clients as we benefit from a nimble operating model and the investments we have made across our portfolio. We are also pleased to unlock significant value for our shareholders through the definitive agreement to sell EPSi."

Conference Call

Allscripts will conduct a conference call today, Thursday, July 30th, 2020, at 4:30 PM Eastern Time to discuss its earnings release and other information. Participants may access the conference call via webcast at <http://investor.allscripts.com>. Participants also may access the conference call by dialing +1 (877) 269-7756 or +1 (201) 689-7817 (international) and requesting Conference ID # 13706228. Allscripts will also provide a supplemental presentation with an update on the company's margin improvement initiatives and segment reporting. The presentation will be available on the Allscripts Investor Relations website in advance of the call.

A replay of the call will be available approximately two hours after the conclusion of the call, for a period of four weeks, on the Allscripts Investor Relations website or by calling +1 (877) 660-6853 or +1 (201) 612-7415 - Conference ID # 13706228.

Footnotes

- (1) Bookings have been determined on a continuing operations basis and reflect the value of executed contracts for software, hardware, other client services, private-cloud hosting services, outsourcing and subscription-based services.

NOTE: All percentage changes described within this press release are calculated from full dollar amounts as illustrated in the accompanying financial statements and Allscripts Supplemental Financial Data Workbook, posted on the Investor Relations website. Rounding differences may occur when individually calculating percentages or totals from rounded amounts included within the press release body compared to full dollar amounts in the tables.

About Allscripts

Allscripts (Nasdaq: MDRX) is a leader in healthcare information technology solutions that advance clinical, financial and operational results. Our innovative solutions connect people, places and data across an Open, Connected Community of Health™. Connectivity empowers caregivers to make better decisions and deliver better care for healthier populations. To learn more, visit www.allscripts.com, [Twitter](#), [YouTube](#) and [It Takes A Community: The Allscripts Blog](#).

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Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding management's plans in response to the current revenue environment. These forward-looking statements are based on the current beliefs and expectations of Allscripts management, only speak as of the date that they are made and are subject to significant risks and uncertainties. Such statements can be identified by the use of words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "will," "would," "could," "can," "may," and similar terms. Actual results could differ significantly from those set forth in the forward-looking statements, and reported results should not be considered an indication of future performance. Certain factors that could cause Allscripts actual results to differ materially from those described in the forward-looking statements include, but are not limited to: the timing or ultimate completion of the sale of our EPSi business, as the transaction is subject to certain closing conditions, including the expiration or termination of the waiting period under U.S. antitrust laws; our use of the proceeds from the contemplated sale of our EPSi business; our ability to achieve the margin targets associated with our margin improvement initiatives within the contemplated time periods, if at all; the magnitude, severity and duration of the COVID-19 pandemic, including the impacts of the pandemic, along with the impacts of our responses and the responses by governments and other businesses to the pandemic, on our business, our employees, our clients and our suppliers; the failure by Practice Fusion to comply with the terms of its settlement agreements with the U.S. Department of Justice (the "DOJ"); the costs and burdens of compliance by Practice Fusion with the terms of its settlement agreements with the DOJ; additional investigations and proceedings from governmental entities or third parties other than the DOJ related to the same or similar conduct underlying the DOJ's investigations into Practice Fusion's business practices; our ability to recover from third parties (including insurers) any amounts required to be paid in connection with Practice Fusion's settlement agreements with the DOJ and related inquiries; the expected financial results of businesses acquired by us; the successful integration of businesses recently acquired by us; the anticipated and unanticipated expenses and liabilities related to businesses acquired by us, including the civil investigation by the U.S. Attorney's Office involving our Enterprise Information Solutions business (the "EIS business"); security breaches resulting in unauthorized access to our or our clients' computer systems or data, including denial-of-services, ransomware or other Internet-based attacks; our failure to compete successfully; consolidation in our industry; current and future laws, regulations and industry initiatives; increased government involvement in our industry; the failure of markets in which we operate to develop as quickly as expected; our or our customers' failure to see the benefits of government programs; changes in interoperability or other regulatory standards; the effects of the realignment of our sales, services and support organizations; market acceptance of our products and services; the unpredictability of the sales and implementation cycles for our products and services; our ability to manage future growth; our ability to introduce new products and services; our ability to establish and maintain strategic relationships; the performance of our products; our ability to protect its intellectual property rights; the outcome of legal proceedings involving us; our ability to hire, retain and motivate key personnel; performance by our content and service providers; liability for use of content; price reductions; our ability to license and integrate third party technologies; our ability to maintain or expand our business with existing customers; risks related to international operations; changes in tax rates or laws; business disruptions; our ability to maintain proper and effective internal controls; and asset and long-term investment impairment charges. Additional information about these and other risks, uncertainties, and factors affecting our business is contained in our filings with the Securities and Exchange Commission, including under the caption "Risk Factors" in our most recent Allscripts Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Qs. Allscripts does not undertake to update forward-looking statements to reflect changed assumptions, the impact of circumstances or events that may arise after the date of the forward-looking statements, or other changes in its business, financial condition or operating results over time.

Table 1
Allscripts Healthcare Solutions, Inc.
Condensed Consolidated Balance Sheets
(In millions)
(Unaudited)

	June 30,	December 31,
	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$199.0	\$129.6
Restricted cash	\$6.2	\$7.9
Accounts receivable, net	\$415.8	\$459.8
Contract assets	\$99.7	\$96.0
Prepaid expenses and other current assets	\$149.1	\$148.0
Total current assets	<u>\$869.8</u>	<u>\$841.3</u>
Fixed assets, net	\$75.7	\$88.3
Software development costs, net	\$253.4	\$243.9
Intangible assets, net	\$343.6	\$374.1
Goodwill	\$1,361.4	\$1,362.0
Deferred taxes, net	\$5.3	\$5.7
Contract assets - long-term	\$47.6	\$67.6
Right-of-use assets - operating leases	\$107.7	\$98.0
Other assets	\$124.3	\$124.8
Total assets	<u><u>\$3,188.8</u></u>	<u><u>\$3,205.7</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$75.6	\$104.0
Accrued expenses	\$190.6	\$270.7
Accrued compensation and benefits	\$82.1	\$68.6
Deferred revenue	\$366.4	\$379.8
Current maturities of long-term debt	\$374.5	\$364.5
Current operating lease liabilities	\$22.1	\$23.1
Total current liabilities	<u>\$1,111.3</u>	<u>\$1,210.7</u>
Long-term debt	\$661.7	\$551.0
Deferred revenue	\$12.1	\$12.3
Deferred taxes, net	\$23.9	\$21.0
Long-term operating lease liabilities	\$104.8	\$95.2
Other liabilities	\$32.1	\$30.3
Total liabilities	<u>\$1,945.9</u>	<u>\$1,920.5</u>
Total stockholders' equity	<u>\$1,242.9</u>	<u>\$1,285.2</u>
Total liabilities and stockholders' equity	<u><u>\$3,188.8</u></u>	<u><u>\$3,205.7</u></u>

Table 2
Allscripts Healthcare Solutions, Inc.
Condensed Consolidated Statements of Operations
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue:				
Software delivery, support and maintenance	\$256.0	\$285.0	\$519.6	\$560.5
Client services	150.2	159.5	303.3	316.0
Total revenue	<u>406.2</u>	<u>444.5</u>	<u>822.9</u>	<u>876.5</u>
Cost of revenue:				
Software delivery, support and maintenance	74.2	84.1	150.5	165.1
Client services	135.5	147.3	288.3	296.0
Amortization of software development and acquisition-related assets (a)	32.1	29.0	62.7	57.2
Total cost of revenue	<u>241.8</u>	<u>260.4</u>	<u>501.5</u>	<u>518.3</u>
Gross profit	<u>164.4</u>	<u>184.1</u>	<u>321.4</u>	<u>358.2</u>
Selling, general and administrative expenses	114.6	105.6	211.9	205.8
Research and development	48.2	63.4	110.4	127.7
Impairments (recovery)	0.0	3.7	0.0	3.8
Amortization of intangible and acquisition-related assets	6.3	6.7	13.0	13.5
Income (loss) from operations	<u>(4.7)</u>	<u>4.7</u>	<u>(13.9)</u>	<u>7.4</u>
Interest expense and other, net (b)	(12.2)	(155.4)	(23.9)	(165.1)
Recovery (impairment) on long-term investments	(0.6)	0.0	(0.6)	1.0
Equity in net income (loss) of unconsolidated investments	16.8	0.3	17.0	0.2
Income (loss) before income taxes	<u>(0.7)</u>	<u>(150.4)</u>	<u>(21.4)</u>	<u>(156.5)</u>
Income tax (provision) benefit	(6.8)	0.5	(6.5)	(1.4)
Net income (loss)	<u>(7.5)</u>	<u>(149.9)</u>	<u>(27.9)</u>	<u>(157.9)</u>
Net (income) loss attributable to non-controlling interest	0.0	0.0	0.0	0.4
Net Income (loss) attributable to Allscripts Healthcare Solutions, Inc. stockholders	<u><u>(\$7.5)</u></u>	<u><u>(\$149.9)</u></u>	<u><u>(\$27.9)</u></u>	<u><u>(\$157.5)</u></u>
Income (loss) earnings per share - basic	<u><u>(\$0.05)</u></u>	<u><u>(\$0.90)</u></u>	<u><u>(\$0.17)</u></u>	<u><u>(\$0.94)</u></u>
Income (loss) earnings per share - diluted	<u><u>(\$0.05)</u></u>	<u><u>(\$0.90)</u></u>	<u><u>(\$0.17)</u></u>	<u><u>(\$0.94)</u></u>
Weighted average common shares outstanding:				
Basic	162.7	166.5	162.6	168.2
Diluted	<u>162.7</u>	<u>166.5</u>	<u>162.6</u>	<u>168.2</u>
	2020	2019	2020	2019
(a) Amortization of software development and acquisition-related assets includes:				
Amortization of capitalized software development costs	\$23.6	\$20.0	\$45.6	\$39.2
Amortization of acquisition-related intangible assets	8.5	9.0	17.1	18.0
Total amortization of software development and acquisition-related assets	<u>\$32.1</u>	<u>\$29.0</u>	<u>\$62.7</u>	<u>\$57.2</u>
(b) Interest expense and other, net are comprised of the following for the periods presented:				
Non-cash charges to interest expense	\$4.8	\$3.3	9.6	\$6.6
Interest expense	5.6	6.4	12.1	\$12.6
Amortization of discounts and debt issuance costs	0.9	0.7	1.8	\$1.4
Other (income) loss, net	0.9	145.0	0.4	144.5
Total interest expense and other, net	<u>\$12.2</u>	<u>\$155.4</u>	<u>\$23.9</u>	<u>\$165.1</u>

Table 3
Allscripts Healthcare Solutions, Inc.
Condensed Consolidated Statements of Cash Flows

(In millions)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Cash flows from operating activities:				
Net income (loss)	(\$7.5)	(\$149.9)	(\$27.9)	(\$157.9)
Non-cash adjustments to net income (loss):				
Depreciation and amortization	52.4	50.5	104.5	100.6
Operating right-to-use asset amortization	5.3	5.7	10.9	11.0
Stock-based compensation expense	7.1	10.1	17.1	21.8
Deferred Taxes	5.2	0.0	3.1	(1.5)
Asset impairment charges	0.0	3.7	0.0	3.8
Impairment (recovery) of long-term investments	0.6	0.0	0.6	(1.0)
Other (income) loss, net	(17.4)	0.1	(17.1)	1.8
Total non-cash adjustments to net income (loss)	53.2	70.1	119.1	136.5
Cash impact of changes in operating assets and liabilities:				
Assets	11.6	(10.4)	36.9	25.5
Liabilities	(18.9)	82.5	(36.1)	(121.0)
Accrued DOJ settlement	(15.7)	0.0	(73.0)	145.0
Total cash impact of changes on operating assets and liabilities	(23.0)	72.1	(72.2)	49.5
Net cash provided by (used in) operating activities - continuing operations	22.7	(7.7)	19.0	28.1
Net cash provided by (used in) operating activities - discontinued operations	0.0	0.0	0.0	(30.0)
Net cash provided by (used in) operating activities	22.7	(7.7)	19.0	(1.9)
Cash flows from investing activities:				
Capital expenditures	(2.1)	(4.6)	(4.9)	(9.4)
Capitalized software	(26.7)	(26.6)	(55.3)	(55.2)
Sales (purchases) of equity securities in partner entities, business acquisitions, net of cash acquired and other investments	22.4	(12.9)	19.4	(12.9)
Other proceeds from investing activities	0.0	0.0	0.0	0.0
Net cash provided by (used in) investing activities	(6.4)	(44.1)	(40.8)	(77.5)
Cash flows from financing activities:				
Taxes paid related to net share settlement of equity awards	(2.3)	(1.4)	(5.5)	(6.7)
Repayment of Convertible Senior Notes	(7.3)	0.0	(7.3)	0.0
Payments for issuance costs on 0.875% Convertible Senior Notes	0.0	0.0	(0.8)	0.0
Credit facility payments	(87.5)	(5.0)	(167.5)	(10.0)
Credit facility borrowings, net of issuance costs	75.0	60.0	285.0	180.0
Repurchase of common stock	0.0	0.0	(9.7)	(65.1)
Payment of acquisition and other financing obligations	(1.5)	(1.5)	(4.4)	(1.6)
Purchases of subsidiary shares owned by non-controlling interest	0.0	0.0	0.0	(54.0)
Net cash provided by (used in) financing activities	(23.6)	52.1	89.8	42.6
Effect of exchange rate changes on cash and cash equivalents	0.4	(0.1)	(0.3)	0.1
Net increase (decrease) in cash and cash equivalents	(6.9)	0.2	67.7	(36.7)
Cash, cash equivalents and restricted cash, beginning of period	212.1	147.9	137.5	184.8
Cash, cash equivalents and restricted cash, end of period	<u>\$205.2</u>	<u>\$148.1</u>	<u>\$205.2</u>	<u>\$148.1</u>

Table 4
Allscripts Healthcare Solutions, Inc.
Condensed Non-GAAP Financial Information
(In millions, except per share amounts and percentages)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Total revenue, as reported	\$406.2	\$444.5	\$822.9	\$876.5
Acquisition-related deferred revenue adjustments	0.0	0.5	0.0	1.1
Total non-GAAP revenue	\$406.2	\$445.0	\$822.9	\$877.6
Gross profit, as reported	\$164.4	\$184.1	\$321.4	\$358.2
Acquisition-related deferred revenue adjustments	0.0	0.5	0.0	1.1
Acquisition-related amortization	8.5	9.0	17.1	18.0
Stock-based compensation expense	1.1	1.8	2.8	3.4
Restructuring and other	(1.1)	1.0	3.0	2.2
Total non-GAAP gross profit	\$172.9	\$196.4	\$344.3	\$382.9
Income (loss) from operations, as reported	(\$4.7)	\$4.7	(\$13.9)	\$7.4
Acquisition-related deferred revenue adjustments	0.0	0.5	0.0	1.1
Acquisition-related amortization	14.8	15.7	30.1	31.5
Stock-based compensation expense	7.6	11.2	18.7	24.0
Impairments (recovery)	0.0	3.7	0.0	3.8
Restructuring and other	27.6	9.0	36.7	18.7
Total non-GAAP income from operations	\$45.3	\$44.8	\$71.6	\$86.5
Net income (loss) attributable to Allscripts Healthcare Solutions, Inc. stockholders, as reported	(\$7.5)	(\$149.9)	(\$27.9)	(\$157.9)
Net (income) loss attributable to non-controlling interest	0.0	0.0	0.0	0.4
Income (loss), net of tax	(\$7.5)	(\$149.9)	(\$27.9)	(\$157.5)
Acquisition-related deferred revenue adjustments	0.0	0.5	0.0	1.1
Acquisition-related amortization	14.8	15.7	30.1	31.5
Stock-based compensation expense	7.6	11.2	18.7	24.0
Restructuring and other	27.6	154.0	36.7	163.7
Non-cash charges to interest expense and other	5.9	3.3	11.6	6.6
Impairments (recovery)	0.6	3.7	0.6	2.8
Equity in net loss (income) of unconsolidated investments	(16.8)	(0.3)	(17.0)	(0.2)
Tax rate alignment	(2.6)	(9.5)	(7.8)	(16.1)
Non-GAAP net (income)/loss attributable to non-controlling interest	0.0	0.0	0.0	(0.3)
Non-GAAP net income attributable to Allscripts Healthcare Solutions, Inc.	\$29.6	\$28.7	\$45.0	\$55.6
Non-GAAP effective tax rate	24%	24%	24%	24%
Weighted shares outstanding - basic	162.7	166.5	162.6	168.2
Weighted shares outstanding - diluted	163.1	167.5	163.8	169.6
GAAP Income (loss) earnings per share - basic	(\$0.05)	(\$0.90)	(\$0.17)	(\$0.94)
Non-GAAP Income (loss) earnings per share - diluted	\$0.18	\$0.17	\$0.27	\$0.33

Table 5
Allscripts Healthcare Solutions, Inc.
Non-GAAP Financial Information - Adjusted EBITDA
(In millions, except percentages)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss), as reported	(\$7.5)	(\$149.9)	(\$27.9)	(\$157.9)
Plus:				
Interest expense and other, net (a)	6.4	6.4	12.2	12.1
Depreciation and amortization	52.4	50.5	104.5	100.6
Equity in net (income) loss of unconsolidated investments	(16.8)	(0.3)	(17.0)	(0.2)
Tax provision/(benefit)	6.8	(0.5)	6.5	1.4
EBITDA	\$41.3	(\$93.8)	\$78.3	(\$44.0)
Plus:				
Acquisition-related deferred revenue adjustments	0.0	0.5	0.0	1.1
Stock-based compensation expense	7.6	11.2	18.7	24.0
Restructuring and other	27.6	153.7	36.7	163.4
Impairments (recovery)	0.6	3.7	0.6	2.8
Adjusted EBITDA	\$77.1	\$75.3	\$134.3	\$147.3
Adjusted EBITDA margin (b)	19.0%	16.9%	16.3%	16.8%

(a) Interest expense and other, net has been adjusted from the amounts presented in the statements of operations in order to remove the amortization of the fair value of the cash conversion option embedded in the 1.25% and .875% Cash Convertible Notes and deferred debt issuance costs from interest expense since such amortization is also included in depreciation and amortization.

(b) Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by non-GAAP revenue.

Explanation of Non-GAAP Financial Measures

Allscripts reports its financial results in accordance with U.S. generally accepted accounting principles, or GAAP. To supplement this information, Allscripts presents non-GAAP revenue, gross profit, gross margin, operating expense, income from operations, Adjusted EBITDA, Adjusted EBITDA margin, effective income tax rate, net income, diluted earnings per share and free cash flow, which are considered non-GAAP financial measures under Section 101 of Regulation G under the Securities Exchange Act of 1934, as amended. The definitions of non-GAAP financial measures are presented below:

- Non-GAAP revenue consists of GAAP revenue, as reported, and adds back recognized deferred revenue from the EIS business, Practice Fusion, HealthGrid, NantHealth's provider/patient solutions business and non-material consolidated affiliates that is eliminated for GAAP purposes due to purchase accounting adjustments. Reconciliations to GAAP revenue are found in Table 4 within this press release.
- Non-GAAP gross profit consists of GAAP gross profit, as reported, and excludes acquisition-related deferred revenue adjustments, acquisition-related amortization, stock-based compensation expense and restructuring and other costs. Non-GAAP gross margin consists of non-GAAP gross profit as a percentage of non-GAAP revenue in the applicable period. Reconciliations to GAAP gross profit are found in Table 4 within this press release.
- Non-GAAP operating expense consists of GAAP selling, general and administrative expenses (SG&A) and research and development expense (R&D), as reported, and excludes restructuring and other costs and stock-based compensation expense recorded to SG&A and R&D. Reconciliations to GAAP operating expense are found in Table 4 within this press release.
- Non-GAAP income from operations consists of GAAP income (loss) from operations, as reported, and excludes acquisition-related deferred revenue adjustments, acquisition-related amortization, stock-based compensation expense, impairment charges and restructuring and other costs. Reconciliations to GAAP income from operations are found in Table 4 within this press release.
- Adjusted EBITDA is a non-GAAP measure and consists of GAAP net income/(loss), as reported, and adjusts for: acquisition-related deferred revenue adjustments; depreciation and amortization; stock-based compensation expense; restructuring and other costs; impairment charges; gain on sale of businesses, net; interest expense and other, net; equity in net earnings of unconsolidated investments; and tax provision (benefit). Reconciliations to GAAP net income/(loss) are found in Table 5 within this press release.
- Adjusted EBITDA margin is a non-GAAP measure that is calculated by dividing Adjusted EBITDA by non-GAAP revenue. See the reconciliations in Table 4 within this press release with respect to non-GAAP revenue and in Table 5 within this press release with respect to Adjusted EBITDA.
- Non-GAAP effective income tax rate is based on non-GAAP pre-tax earnings and consists of the statutory federal income tax rate, Allscripts effective state income tax rate and adjustments for permanent differences.
- Non-GAAP net income consists of GAAP net income/(loss), as reported, and adds back acquisition-related deferred revenue adjustments; acquisition-related amortization; stock-based compensation expense; restructuring and other costs; non-cash charges to interest expense and other; impairment charges and equity in net earnings of unconsolidated investments. Non-GAAP net income also includes a GAAP to non-GAAP tax rate alignment adjustment.
- Non-GAAP net income attributable to Allscripts Healthcare Solutions, Inc. is a non-GAAP measure and consists of non-GAAP net income, as described above, with an adjustment to reduce non-GAAP net income for the percentage of non-controlling interest outside Allscripts ownership position. Reconciliations to GAAP net income/(loss) attributable to Allscripts Healthcare Solutions, Inc. are found in Table 4 within this press release.

- Non-GAAP diluted earnings per share consist of non-GAAP net income, as defined above, divided by weighted shares outstanding – diluted during the applicable period.
 - Free cash flow consists of GAAP cash flows provided by operating activities in the applicable period, net of capital expenditures and capitalized software costs, including those incurred by businesses presented as discontinued operations.
-

Acquisition-Related Deferred Revenue Adjustments. Deferred revenue adjustments include acquisition-related deferred revenue adjustments, which reflect the fair value adjustments to deferred revenue acquired in a business acquisition. The fair value of acquired deferred revenue represents an amount equivalent to the estimated cost plus an appropriate profit margin, to perform services related to the acquiree's software and product support, which assumes a legal obligation to do so, based on the deferred revenue balances as of the acquisition date. Allscripts adds back acquisition-related deferred revenue adjustments for its non-GAAP financial measures because it believes the inclusion of this amount directly correlates to the underlying performance of Allscripts operations.

Acquisition-Related Amortization. Acquisition-related amortization expense is a non-cash expense arising primarily from the acquisition of intangible assets in connection with acquisitions or investments. Allscripts excludes acquisition-related amortization expense from non-GAAP gross profit, non-GAAP operating income, and non-GAAP net income because it believes (i) the amount of such expenses in any specific period may not directly correlate to the underlying performance of Allscripts business operations and (ii) such expenses can vary significantly between periods because of new acquisitions and full amortization of previously acquired intangible assets. Investors should note that the use of these intangible assets contributed to revenue in the periods presented and will contribute to future revenue generation, and the related amortization expense will recur in future periods.

Stock-Based Compensation Expense. Stock-based compensation expense is a non-cash expense arising from the grant of stock-based awards. Allscripts excludes stock-based compensation expense from non-GAAP gross profit, non-GAAP operating income, non-GAAP operating expense, non-GAAP net income and Adjusted EBITDA because it believes (i) the amount of such expenses in any specific period may not directly correlate to the underlying performance of Allscripts business operations and (ii) such expenses can vary significantly between periods as a result of the timing and valuation of grants of new stock-based awards, including grants in connection with acquisitions. Investors should note that stock-based compensation is a key incentive offered to employees whose efforts contributed to the operating results in the periods presented and are expected to contribute to operating results in future periods, and such expense will recur in future periods.

Impairments (recovery). Impairment charges reflect the write-off of the book value of certain fixed assets that resulted from consolidating business functions and data centers and non-cash impairment charges associated with long-term investments based on management's assessment of the likelihood of near-term recovery of the investments' value.

Restructuring and Other Costs. Restructuring and other costs relate to certain legal proceedings and investigations, consulting, severance, incentive compensation and other charges incurred in connection with activities that are considered not reflective of our core business.

Allscripts excludes restructuring and other costs, in whole or in part, from non-GAAP gross profit, non-GAAP operating income, non-GAAP operating expense, non-GAAP net income and Adjusted EBITDA because it believes (i) the amount of such expenses in any specific period may not directly correlate to the underlying performance of Allscripts business operations and (ii) such expenses can vary significantly between periods.

Non-Cash Charges to Interest Expense and Other. Non-cash charges to interest expense include the amortization of the fair value of the conversion option embedded in the 1.25 percent Cash Convertible Notes and 0.875 percent Convertible Notes issued by Allscripts during the second quarter of 2013 and fourth quarter of 2019, respectively.

Equity in Net loss (income) of Unconsolidated Investments. Equity in net loss (income) of unconsolidated investments represents Allscripts share of the equity earnings of our investments in third parties accounted for under the equity method, including the amortization of cost basis adjustments.

Tax Rate Alignment. Tax rate alignment aligns the applicable period's effective tax rate to the expected annual non-GAAP effective tax rate.

Management also believes that non-GAAP revenue, gross profit, gross margin, operating expense, income from operations, effective income tax rate, net income, diluted earnings per share, Adjusted EBITDA, Adjusted EBITDA margin and free cash flow provide useful supplemental information to management and investors regarding the underlying performance of Allscripts business operations. Acquisition accounting adjustments and restructuring and other costs made in accordance with GAAP can make it difficult to make meaningful comparisons of the underlying operations of the business without considering the non-GAAP adjustments provided and discussed herein.

Management also uses this information internally for forecasting and budgeting, as it believes that these measures are indicative of core operating results. In addition, management may use non-GAAP gross profit, operating expense, operating income, net income, earnings per share, Adjusted EBITDA and/or Adjusted EBITDA margin to measure achievement under Allscripts stock and cash incentive compensation plans. Note, however, that non-GAAP gross profit, operating income, net income, diluted earnings per share Adjusted EBITDA and Adjusted EBITDA margin are performance measures only, and they do not provide any measure of cash flow or liquidity. Allscripts considers free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business after capital expenditures and capitalized software costs. Free cash flow provides management and investors a valuable measure to determine the quantity of capital generated that can be deployed to create additional shareholder value by a variety of means. Non-GAAP financial measures are not in accordance with, or an alternative for, measures of financial performance prepared in accordance with GAAP and may be different from non-GAAP measures used by other companies. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with Allscripts results of operations as determined in accordance with GAAP. Investors and potential investors are encouraged to review the definitions and reconciliations of non-GAAP financial measures with GAAP financial measures contained within the attached condensed consolidated financial statements.

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Allscripts Healthcare Solutions

July 30, 2020

Supplemental Investor Presentation

Disclaimer

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements, including targeted Adjusted EBITDA margins and other information regarding future performance included in this presentation, are based on the current beliefs and expectations of Allscripts management, only speak as of the date that they are made and are subject to significant risks and uncertainties. Such statements can be identified by the use of words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "will," "would," "could," "can," "may," and similar terms. Actual results could differ significantly from those set forth in the forward-looking statements and reported results should not be considered an indication of future performance. Certain factors that could cause Allscripts actual results to differ materially from those described in the forward-looking statements include, but are not limited to: the timing or ultimate completion of the sale of our EPSi business, as the transaction is subject to certain closing conditions, including the expiration or termination of the waiting period under U.S. antitrust laws; our use of the proceeds from the contemplated sale of our EPSi business; our ability to achieve the margin targets associated with our margin improvement initiatives within the contemplated time periods, if at all; the magnitude, severity and duration of the COVID-19 pandemic, including the impacts of the pandemic, along with the impacts of our responses and the responses by governments and other businesses to the pandemic, on our business, our employees, our clients and our suppliers; the failure by Practice Fusion to comply with the terms of its settlement agreements with the U.S. Department of Justice (the "DOJ"); the costs and burdens of compliance by Practice Fusion with the terms of its settlement agreements with the DOJ; additional investigations and proceedings from governmental entities or third parties other than the DOJ related to the same or similar conduct underlying the DOJ's investigations into Practice Fusion's business practices; our ability to recover from third parties (including insurers) any amounts required to be paid in connection with Practice Fusion's settlement agreements with the DOJ and related inquiries; the expected financial results of businesses acquired by us; the successful integration of businesses recently acquired by us; the anticipated and unanticipated expenses and liabilities related to businesses acquired by us, including the civil investigation by the U.S. Attorney's Office involving our Enterprise Information Solutions business (the "EIS business"); security breaches resulting in unauthorized access to our or our clients' computer systems or data, including denial-of-services, ransomware or other Internet-based attacks; our failure to compete successfully; consolidation in our industry; current and future laws, regulations and industry initiatives; increased government involvement in our industry; the failure of markets in which we operate to develop as quickly as expected; our or our customers' failure to see the benefits of government programs; changes in interoperability or other regulatory standards; the effects of the realignment of our sales, services and support organizations; market acceptance of our products and services; the unpredictability of the sales and implementation cycles for our products and services; our ability to manage future growth; our ability to introduce new products and services; our ability to establish and maintain strategic relationships; the performance of our products; our ability to protect its intellectual property rights; the outcome of legal proceedings involving us; our ability to hire, retain and motivate key personnel; performance by our content and service providers; liability for use of content; price reductions; our ability to license and integrate third party technologies; our ability to maintain or expand our business with existing customers; risks related to international operations; changes in tax rates or laws; business disruptions; our ability to maintain proper and effective internal controls; and asset and long-term investment impairment charges. Additional information about these and other risks, uncertainties, and factors affecting Allscripts business is contained in Allscripts filings with the Securities and Exchange Commission, including under the caption "Risk Factors" in the most recent Allscripts Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Qs. Allscripts does not undertake to update forward-looking statements to reflect changed assumptions, the impact of circumstances or events that may arise after the date of the forward-looking statements, or other changes in its business, financial condition or operating results over time.



Overview

1

Segment Highlights

2

Margin Improvement Initiatives



More Fulsome Segment Reporting Improves Visibility of Stable Core Business and Differentiated Higher Growth Opportunity Solutions

1



Despite Previously-Announced Attrition Impact, Core Clinical and Financial Solutions Segment has Near-Term Momentum

1

Key Clients are Extending

- Northwell; PIH; Memorial Sloan Kettering; Maimonides
- >35 Paragon clients since acquisition

>\$150M of extensions in 1H20

New Sales

- U.S. State Department
- 16 new independent physician logos in 1H20
- International presence continues to grow with significant go-lives in Asia and Europe

Innovation / Partnerships

- Microsoft strategic alliance for clients who want to move to public cloud
- Working side-by-side with Northwell on next generation EHR

Industry Recognition

- Black Book first place award for 101-250 bed hospitals and 26-99 provider ambulatory practices



Data, Analytics and Care Coordination Segment Provides Multiple Streams of High Margin Growth Opportunities

1



Payer and life sciences

Large source of deidentified patient data and unique portfolio provides data-driven actionable insights, derived from best-in-class analytics, and integrated with point of care technology solutions



Care coordination

Increase of risk-based contracting raising the importance of care coordination between traditional health care and post-acute



Personalized medicine

Continued push of personalized medicine into mainstream clinical care boosting need to bridge between lab testing and clinical care



Payerpath – Ambulatory Claims Clearinghouse

Offers solutions for every phase of the reimbursement cycle including patient readiness, patient responsibility, claims management and practice productivity solutions

Expected to grow faster than core clinical EHR systems

Recurring revenue with high margins

EHR agnostic

Sold inside and outside the Allscripts EHR installed base

Cloud-based tech stack



Methodology for Segment Profitability Measurement

1

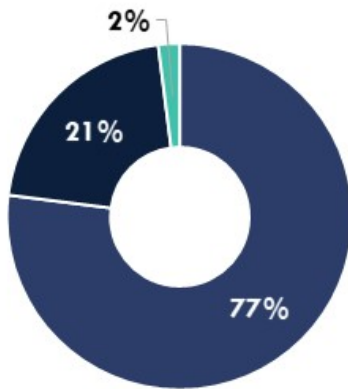
- We begin with our consolidated Adjusted EBITDA as reported in Table 5 of our press release
- All revenue and cost of sales are directly tracked by solution and attributed directly to each segment
- Research and development spend is tracked by solution area and then attributed directly to each segment based on respective investments
- Approximately 45% of SG&A, usually in areas of sales and marketing, is directly linked to specific solutions and attributed directly
- The 55% balance of SG&A is captured in corporate cost centers and allocated based on revenue and other appropriate metrics to each respective business segment
- There are a limited number of transfer pricing allocations between the two segments and these are eliminated in the unallocated segment to tie back to consolidated results



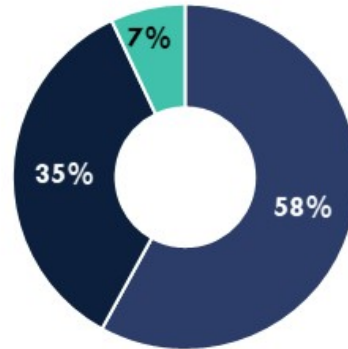
Higher Margin Data, Analytics and Care Coordination Segment Contributed 35% of LTM Consolidated Adjusted EBITDA

1

LTM 6/30/20 Revenue



LTM 6/30/20 Adjusted EBITDA



Core Clinical and Financial Solutions

Data, Analytics and Care Coordination

Unallocated

See reconciliation of non-GAAP metrics in the appendix of this presentation and posted on the Allscripts investor relations website.
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Overview



Segment Highlights

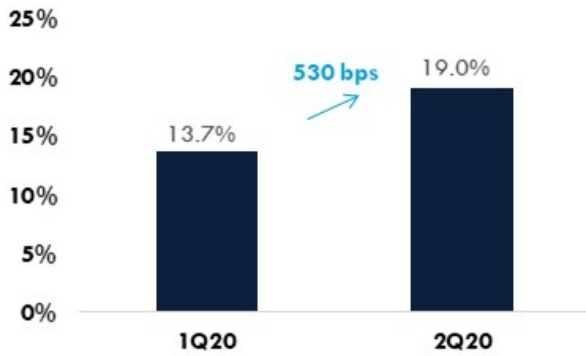


Margin Improvement Initiatives

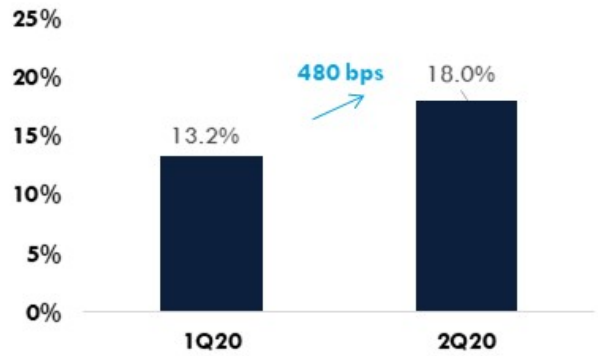


Consolidated Adjusted EBITDA Margins Improved Significantly in Second Quarter

Adjusted EBITDA Margin, As Reported



Adjusted EBITDA Margin, As Reported Excluding EPSi



See reconciliation of non-GAAP metrics in the appendix of this presentation and posted on the Allscripts investor relations website.
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In March, we Hired Alix Partners to Help us Develop an Improvement Plan

2

Goal	<ul style="list-style-type: none">• Set a long-term target goal of:<ul style="list-style-type: none">• 18-20% Adjusted EBITDA margin for the core clinical and financial solutions segment, and• 30%+ Adjusted EBITDA margin for the data, analytics and care coordination segment
Initiatives	<ul style="list-style-type: none">• A portfolio of structural improvements was evaluated, quantified and validated by management<ul style="list-style-type: none">– We have completed action on \$76M of annualized margin uplift from these initiatives through June;– We have a high level of confidence in \$25M of additional annualized margin uplift over the next 18 months; and– An additional \$70M of early-stage initiatives identified but still need to progress further
Sustained capability	<ul style="list-style-type: none">• Consistently delivering on these margin goals also requires Allscripts to embed new capabilities to manage customer profitability; tighter align resources/products based on market opportunity; and standardize solution offerings. We are well on our way toward integrating these capabilities



We Have Continued Margin Improvement Initiatives...

2

COGS

- ✓ Right-size services and support teams for utilization trends and revenue run rate
- ✓ Increase vendor management and optimization of hosting costs
- ✓ Shed very low margin revenue (hardware and some 3rd party solutions)

R&D

- ✓ Restructure group to improve accountability → Higher quality and reduced rework
- ✓ Increase offshoring
- ✓ Eliminate “pet projects” with no clear ROI or purpose

SG&A

- ✓ Salesforce right-sizing across solutions
- ✓ Shrink real estate footprint
- ✓ Management delayering and increased spans of control

\$76 Million of Permanent Annualized Run Rate Savings Implemented Through June



...Which Gives us Confidence in Our Ability to Improve Margins in an Uncertain Revenue Environment

Adjusted EBITDA Margin Targets

	Second Quarter 2020	By end of 2020	Long-Term Goal
Core clinical and financial solutions	15.0%	15.5%-16.0%	18%-20%
Data, analytics and care coordination	29.4%	29.5%-30.0%	30%+

Note: Assumes current asset portfolio as of June 30, 2020 in each segment.

See reconciliation of non-GAAP metrics in the appendix of this presentation and posted on the Allscripts investor relations website.

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Appendix: Non-GAAP Financial Measures

Non-GAAP Financial Measures

This presentation includes references to non-GAAP revenue, Adjusted EBITDA, and Adjusted EBITDA margin, which are considered non-GAAP financial measures under Section 101 of Regulation G under the Securities Exchange Act of 1934, as amended. Each of these measures are not considered financial measures under generally accepted accounting principles in the United States ("GAAP"). The definitions of these non-GAAP financial measures are as follows:

- Non-GAAP revenue consists of GAAP revenue, as reported, and adds back recognized deferred revenue from acquired businesses and non-material consolidated affiliates that is eliminated for GAAP purposes due to purchase accounting adjustments.
- Adjusted EBITDA is a non-GAAP measure and consists of GAAP net income/(loss), as reported, and adjusts for: acquisition-related deferred revenue adjustments; depreciation and amortization; stock-based compensation expense; restructuring and other costs; impairment charges; gain on sale of businesses, net; interest expense and other, net; equity in net earnings of unconsolidated investments; and tax provision (benefit). Adjusted EBITDA margin is a non-GAAP measure that is calculated by dividing Adjusted EBITDA by non-GAAP revenue.
- For purposes of segment reporting, the Company views operating income as the most directly comparable GAAP measure to segment Adjusted EBITDA because the Company does not reflect taxes or interest at the segment level. Adjusted EBITDA is a non-GAAP measure and consists of GAAP income from operations as reported and adjusts for: acquisition-related deferred revenue adjustments; acquisition related amortization; stock-based compensation expense; impairments; restructuring and other costs; and depreciation and amortization. Adjusted EBITDA margin consists of Adjusted EBITDA as a percentage of non-GAAP revenue in the applicable period.

Management also believes that non-GAAP measures provide useful supplemental information to management and investors regarding the underlying performance of Allscripts business operations. Acquisition accounting adjustments and restructuring and other costs made in accordance with GAAP can make it difficult to make meaningful comparisons of the underlying operations of the business without considering the non-GAAP adjustments provided and discussed herein. Management also uses this information internally for forecasting and budgeting, as it believes that these measures are indicative of core operating results. In addition, management may use non-GAAP measures to measure achievement under Allscripts stock and cash incentive compensation plans. Note, however, that non-GAAP revenue, Adjusted EBITDA and Adjusted EBITDA margin are performance measures only, and they do not provide any measure of cash flow or liquidity. Non-GAAP financial measures are not in accordance with, or an alternative for, measures of financial performance prepared in accordance with GAAP and may be different from non-GAAP measures used by other companies. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with Allscripts results of operations as determined in accordance with GAAP. Investors and potential investors are encouraged to review the definitions and reconciliations of non-GAAP financial measures with GAAP financial measures contained in the Appendix to this presentation. For the purpose of providing financial guidance, the company does not reconcile non-GAAP revenue, Adjusted EBITDA and Adjusted EBITDA margin guidance to the corresponding GAAP financial measures. Allscripts does not provide guidance for the various reconciling items since certain items that impact GAAP revenue, Adjusted EBITDA and Adjusted EBITDA margin are either outside of its control and/or cannot be reasonably predicted. These are available on Allscripts investor relations website (<http://investor.allscripts.com>).



Non-GAAP Reconciliations

Allscripts Healthcare Solutions, Inc.
Non-GAAP Financial Information - Adjusted EBITDA
(In millions, except percentages)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss), as reported	(\$7.5)	(\$149.9)	(\$27.9)	(\$157.9)
Plus:				
Interest expense and other, net (a)	6.4	6.4	12.2	12.1
Depreciation and amortization	52.4	50.5	104.5	100.6
Equity in net (income) loss of unconsolidated investments	(16.8)	(0.3)	(17.0)	(0.2)
Tax provision (benefit)	6.8	(0.5)	6.5	1.4
EBITDA	\$41.3	(\$93.8)	\$78.3	(\$14.0)
Plus:				
Acquisition-related deferred revenue adjustments	0.0	0.5	0.0	1.1
Stock-based compensation expense	7.6	11.2	18.7	24.0
Restructuring and other	27.6	153.7	36.7	163.4
Impairments (recovery)	0.6	3.7	0.6	2.8
Adjusted EBITDA	\$77.1	\$75.3	\$134.3	\$147.3
<i>Adjusted EBITDA margin (b)</i>	<i>19.0%</i>	<i>16.9%</i>	<i>16.3%</i>	<i>16.5%</i>

(a) Interest expense and other, net has been adjusted from the amounts presented in the statements of operations in order to remove the amortization of the fair value of the cash conversion option embedded in the 1.25% and 3.75% Cash Convertible Notes and deferred debt issuance costs from interest expense since such amortization is also included in depreciation and amortization.

(b) Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by non-GAAP revenue.



Non-GAAP Reconciliations

Allscripts Healthcare Solutions, Inc.
Non-GAAP Financial Information - Adjusted EBITDA
(In millions, except percentages)
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
Net income (loss), as reported	(\$20.4)	(\$8.0)
Plus:		
Interest expense and other, net (a)	5.8	5.7
Depreciation and amortization	52.1	50.1
Equity in net (income) loss of unconsolidated investments	(0.2)	0.1
Tax provision (benefit)	(0.3)	1.9
EBITDA	\$37.0	\$49.8
Plus:		
Acquisition-related deferred revenue adjustments	0.0	0.6
Stock-based compensation expense	11.1	12.8
Restructuring and other	9.1	9.7
Impairments	0.0	0.1
(Recovery) impairment on long-term investments	0.0	(1.0)
Adjusted EBITDA	\$57.2	\$72.0
<i>Adjusted EBITDA margin (b)</i>	<i>13.7%</i>	<i>16.6%</i>

(a) Interest expense and other, net has been adjusted from the amounts presented in the statements of operations in order to remove the amortization of the fair value of the cash conversion option embedded in the 1.25% and 875% Cash Convertible Notes and deferred debt issuance costs from interest expense since such amortization is also included in depreciation and amortization.

(b) Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by non-GAAP revenue.



Non-GAAP Reconciliations

Allscripts Healthcare Solutions, Inc.
Non-GAAP Financial Information
(In millions)
(unaudited)

	2019					2020		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Total
Core Clinical & Financial Solutions Segment								
Revenue, GAAP	340.4	347.8	343.0	345.9	1,377.1	320.3	311.1	631.4
Acquisition-related deferred revenue adjustments	0.3	0.3	0.2	0.2	1.0	0.0	0.0	0.0
Non-GAAP Revenue	340.7	348.1	343.2	346.1	1,378.1	320.3	311.1	631.4
Gross profit, GAAP	120.2	122.3	115.4	115.1	473.0	100.4	108.5	208.9
Acquisition-related deferred revenue adjustments	0.3	0.3	0.2	0.2	1.0	0.0	0.0	0.0
Acquisition-related amortization	7.6	7.5	7.6	7.5	30.2	7.1	6.9	14.0
Stock-based compensation expense	1.5	1.6	1.1	1.5	5.7	1.5	1.0	2.5
Restructuring and other	0.9	0.9	4.4	0.4	6.6	3.5	(1.3)	2.2
Non-GAAP Gross profit	130.5	132.6	128.7	124.7	516.5	112.5	115.1	227.6
Income (loss) from operations, GAAP	(5.5)	(11.7)	(9.5)	(53.8)	(80.5)	(20.7)	(16.1)	(36.8)
Acquisition-related deferred revenue adjustments	0.3	0.3	0.2	0.2	1.0	0.0	0.0	0.0
Acquisition-related amortization	13.2	13.2	13.2	13.3	52.9	12.6	12.2	24.8
Stock-based compensation expense	9.5	8.3	6.3	7.6	31.7	8.4	5.5	13.9
Impairments	0.1	2.8	0.1	32.8	35.8	0.0	0.0	0.0
Restructuring and other	5.7	6.6	10.9	15.1	38.3	7.5	20.0	27.5
Non-GAAP Income (loss) from operations	23.3	19.5	21.2	15.2	79.2	7.8	21.6	29.4
Depreciation and amortization	24.6	24.8	23.8	23.8	97.0	24.0	25.0	49.0
Adjusted EBITDA	47.9	44.3	45.0	39.0	176.2	31.8	46.6	78.4



Non-GAAP Reconciliations

Allscripts Healthcare Solutions, Inc.
 Non-GAAP Financial Information
 (In millions)
 (unaudited)

	2019					2020		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Total
Data, Analytics & Care Coordination Segment								
Revenue, GAAP	82.4	88.0	91.3	93.7	355.4	88.4	85.1	173.5
Acquisition-related deferred revenue adjustments	0.3	0.2	0.2	0.3	1.0	0.0	0.0	0.0
Non-GAAP Revenue	82.7	88.2	91.5	94.0	356.4	88.4	85.1	173.5
Gross profit, GAAP	47.7	55.7	53.4	57.5	214.3	51.7	49.0	100.7
Acquisition-related deferred revenue adjustments	0.3	0.2	0.2	0.3	1.0	0.0	0.0	0.0
Acquisition-related amortization	1.4	1.5	1.6	1.8	6.3	1.5	1.6	3.1
Stock-based compensation expense	0.1	0.2	0.0	0.1	0.4	0.2	0.1	0.3
Restructuring and other	0.3	0.1	1.6	0.0	2.0	0.6	0.2	0.8
Non-GAAP Gross profit	49.8	57.7	56.8	59.7	224.0	54.0	50.9	104.9
Income (loss) from operations, GAAP	4.3	12.5	9.6	14.1	40.5	9.6	7.3	16.9
Acquisition-related deferred revenue adjustments	0.3	0.2	0.2	0.3	1.0	0.0	0.0	0.0
Acquisition-related amortization	2.6	2.5	2.9	2.8	10.8	2.7	2.6	5.3
Stock-based compensation expense	3.3	2.9	2.2	2.5	10.9	2.7	2.1	4.8
Impairments	0.0	0.9	0.1	(0.3)	0.7	0.0	0.0	0.0
Restructuring and other	4.0	2.4	4.8	4.6	15.8	1.6	7.6	9.2
Non-GAAP Income (loss) from operations	14.5	21.4	19.8	24.0	79.7	16.6	19.6	36.2
Depreciation and amortization	4.4	4.6	4.5	4.7	18.2	5.3	5.4	10.7
Adjusted EBITDA	18.9	26.0	24.3	28.7	97.9	21.9	25.0	46.9



Non-GAAP Reconciliations

Allscripts Healthcare Solutions, Inc.
Non-GAAP Financial Information
(In millions)
(unaudited)

	2019					2020		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Total
Unallocated								
Revenue, as reported	9.2	8.7	9.9	11.4	39.2	8.0	10.0	18.0
Non-GAAP Revenue	9.2	8.7	9.9	11.4	39.2	8.0	10.0	18.0
Gross Profit, as reported	6.2	6.1	6.5	7.5	26.3	4.9	6.9	11.8
Non-GAAP Gross Profit	6.2	6.1	6.5	7.5	26.3	4.9	6.9	11.8
Income (loss) from operations, GAAP	3.9	3.9	3.1	4.7	15.6	1.9	4.1	6.0
Non-GAAP Income (loss) from operations	3.9	3.9	3.1	4.7	15.6	1.9	4.1	6.0
Depreciation and amortization	1.3	1.1	1.6	1.4	5.4	1.6	1.3	2.9
Adjusted EBITDA	5.2	5.0	4.7	6.1	21.0	3.5	5.5	9.0





SUPPLEMENTAL FINANCIAL DATA WORKBOOK

SECOND QUARTER 2020

JULY 30, 2020

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Explanation of Non-GAAP Financial Measures

Allscripts reports its financial results in accordance with U.S. generally accepted accounting principles, or GAAP. To supplement this information, Allscripts presents in this supplemental data package non-GAAP revenue, gross profit and gross margin, which are considered non-GAAP financial measures under Section 101 of Regulation G under the Securities Exchange Act of 1934, as amended. The definitions of non-GAAP financial measures used throughout this document are presented below:

- Non-GAAP revenue consists of GAAP revenue as reported and adds back recognized deferred revenue from the EIS business, Practice Fusion, HealthGrid, NantHealth's provider/patient solutions business and non-material consolidated affiliates that is eliminated for GAAP purposes due to purchase accounting adjustments.
- Non-GAAP gross profit consists of GAAP gross profit, as reported, and excludes acquisition-related deferred revenue adjustments, acquisition-related amortization, stock-based compensation expense, and restructuring and other costs. Non-GAAP gross margin consists of non-GAAP gross profit as a percentage of non-GAAP revenue in the applicable period.
- Non-GAAP income from operations consists of GAAP income from operations, as reported, and excludes acquisition-related deferred revenue adjustments, acquisition-related amortization, stock-based compensation expense, impairment charges and restructuring and other costs.
- For purposes of segment reporting, the Company views operating income as the most directly comparable GAAP measure to segment Adjusted EBITDA because the Company does not reflect taxes or interest at the segment level. Adjusted EBITDA is a non-GAAP measure and consists of GAAP income from operations as reported and adjusts for: acquisition-related deferred revenue adjustments; acquisition related amortization; stock-based compensation expense; impairments; restructuring and other costs; and depreciation and amortization. Adjusted EBITDA margin consists of Adjusted EBITDA as a percentage of non-GAAP revenue in the applicable period.

Management also believes that non-GAAP revenue, gross profit, gross margin, operating expense, income from operations, Adjusted EBITDA and Adjusted EBITDA margin provide useful supplemental information to management and investors regarding the underlying performance of Allscripts business operations. Acquisition accounting adjustments and restructuring and other costs made in accordance with GAAP can make it difficult to make meaningful comparisons of the underlying operations of the business without considering the non-GAAP adjustments provided and discussed herein.

Management also uses this information internally for forecasting and budgeting, as it believes that these measures are indicative of core operating results. In addition, management may use non-GAAP gross profit, operating expense, operating income, and/or Adjusted EBITDA to measure achievement under Allscripts stock and cash incentive compensation plans. Note, however, that non-GAAP gross profit, operating income and Adjusted EBITDA are performance measures only, and they do not provide any measure of cash flow or liquidity. Non-GAAP financial measures are not in accordance with, or an alternative for, measures of financial performance prepared in accordance with GAAP and may be different from non-GAAP measures used by other companies. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with Allscripts results of operations as determined in accordance with GAAP. Investors and potential investors are encouraged to review the definitions and reconciliations of non-GAAP financial measures with GAAP financial measures contained within the company's press release dated July 30, 2020.

Table 1
Allscripts Healthcare Solutions, Inc.
(In millions)
(unaudited)

	2019				2020		YTD		Pct Change	
	Q1	Q2	Q3	Q4	Q1	Q2	2019	2020	2020/2019	2020/2019
									Q2	YTD
Total Bookings	286	276	236	312	205	188	562	393	-32%	-30%
	2019				2020		YTD		2020/2019	2020/2019
	Q1	Q2	2019	Q4	Q1	Q2	2019	2020	Q4 vs Q2	YTD
Total Contract Backlog	4,041	3,885	3,909	4,367	4,507	4,433	N/A	N/A	2%	N/A
	2019				2020		YTD		2020/2019	2020/2019
	Q1	Q2	Q3	Q4	Q1	Q2	2019	2020	Q2	YTD
Other Metrics:										
(A) Gross research and development expenses (includes stock based compensation expense)	92.0	89.3	94.1	89.8	90.0	74.0	181.3	164.0	-17%	-10%
(B) Capitalized software development costs	(27.7)	(25.9)	(30.2)	(26.9)	(27.8)	(25.8)	(53.6)	(53.6)	0%	0%
Research and development expenses on GAAP Statement of Operations	64.3	63.4	63.9	62.9	62.2	48.2	127.7	110.4	-24%	-14%
(C) Capitalized software amortization included in cost of revenue	19.2	20.0	20.1	20.3	22.1	23.4	39.2	45.5	17%	16%
Gross Capitalization Rate (-B/A)	30%	29%	32%	30%	31%	35%	30%	33%	N/A	10%
Accounts receivable	458	428	427	460	471	416	460	416	-3%	N/A
A/R days sales outstanding	97	88	88	93	103	93	93	93	6%	N/A

Note: A/R days sales outstanding are calculated using Non-GAAP revenue.

Table 3
Allscripts Healthcare Solutions, Inc.
Non-GAAP Financial Information
(In millions)
(unaudited)

	2019					2020		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Total
<u>Software Delivery, Support & Maintenance</u>								
Revenue, as reported	275.5	285.0	284.4	281.6	1,126.5	263.6	256.0	519.6
Acquisition-related deferred revenue adjustments	0.4	0.4	0.2	0.3	1.3	0.0	0.0	0.0
Non-GAAP Revenue	275.9	285.4	284.6	281.9	1,127.8	263.6	256.0	519.6
Gross profit, as reported	166.3	171.9	171.7	168.9	678.8	156.6	149.8	306.4
Acquisition-related deferred revenue adjustments	0.4	0.4	0.2	0.3	1.3	0.0	0.0	0.0
Acquisition-related amortization	9.0	9.0	9.2	9.3	36.5	8.6	8.5	17.1
Stock-based compensation expense	0.5	0.6	0.4	0.5	2.0	0.6	0.3	0.9
Restructuring and other	0.3	0.2	0.4	0.0	0.9	0.6	0.2	0.8
Non-GAAP Gross profit	176.5	182.1	181.9	179.0	719.5	166.4	158.8	325.2
<u>Client Services</u>								
Revenue, as reported	156.5	159.5	159.8	169.4	645.2	153.1	150.2	303.3
Acquisition-related deferred revenue adjustments	0.2	0.1	0.2	0.2	0.7	0.0	0.0	0.0
Non-GAAP Revenue	156.7	159.6	160.0	169.6	645.9	153.1	150.2	303.3
Gross profit, as reported	7.8	12.2	3.6	11.2	34.8	0.3	14.7	15.0
Acquisition-related deferred revenue adjustments	0.2	0.1	0.2	0.2	0.7	0.0	0.0	0.0
Stock-based compensation expense	1.1	1.2	0.7	1.1	4.1	1.1	0.8	1.9
Restructuring and other	0.8	0.9	5.6	0.4	7.7	3.6	(1.4)	2.2
Non-GAAP Gross profit	10.0	14.3	10.1	12.9	47.3	5.0	14.1	19.1
<u>Total Allscripts</u>								
Revenue, as reported	432.0	444.5	444.2	451.0	1,771.7	416.7	406.2	822.9
Acquisition-related deferred revenue adjustments	0.6	0.5	0.4	0.5	2.0	0.0	0.0	0.0
Non-GAAP Revenue	432.6	445.0	444.6	451.5	1,773.7	416.7	406.2	822.9
Gross profit, as reported	174.1	184.1	175.3	180.1	713.6	156.9	164.5	321.4
Acquisition-related deferred revenue adjustments	0.6	0.5	0.4	0.5	2.0	0.0	0.0	0.0
Acquisition-related amortization	9.0	9.0	9.2	9.3	36.5	8.6	8.5	17.1
Stock-based compensation expense	1.6	1.8	1.1	1.6	6.1	1.7	1.1	2.8
Restructuring and other	1.2	1.0	6.0	0.4	8.6	4.2	(1.2)	3.0
Non-GAAP Gross profit	186.5	196.4	192.0	191.9	766.8	171.4	172.9	344.3

Table 4
Allscripts Healthcare Solutions, Inc.
Non-GAAP Financial Information
(In millions)
(unaudited)

	2018	2019					2020		
	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Total
<u>Core Clinical & Financial Solutions Segment, non-GAAP</u>									
Revenue	1,394.9	340.7	348.1	343.2	346.1	1,378.1	320.3	311.1	631.4
Gross profit	562.7	130.5	132.6	128.7	124.7	516.5	112.5	115.1	227.6
Gross margin	40.3%	38.3%	38.1%	37.5%	36.0%	37.5%	35.1%	37.0%	36.0%
Income (loss) from operations	95.9	23.3	19.5	21.2	15.2	79.2	7.8	21.6	29.4
Adjusted EBITDA	188.1	47.9	44.3	45.0	39.0	176.2	31.8	46.6	78.4
Adjusted EBITDA margin	13.5%	14.1%	12.7%	13.1%	11.3%	12.8%	9.9%	15.0%	12.4%
<u>Data, Analytics & Care Coordination Segment, non-GAAP</u>									
Revenue	335.8	82.7	88.2	91.5	94.0	356.4	88.4	85.1	173.5
Gross profit	216.7	49.8	57.7	56.8	59.7	224.0	54.0	50.9	104.9
Gross margin	64.5%	60.2%	65.4%	62.1%	63.5%	62.9%	61.1%	59.8%	60.4%
Income (loss) from operations	76.8	14.5	21.4	19.8	24.0	79.7	16.6	19.6	36.2
Adjusted EBITDA	92.7	18.9	26.0	24.3	28.7	97.9	21.9	25.0	46.9
Adjusted EBITDA margin	27.6%	22.9%	29.5%	26.6%	30.5%	27.5%	24.8%	29.4%	27.0%
<u>Unallocated</u>									
Revenue	34.5	9.2	8.7	9.9	11.4	39.2	8.0	10.0	18.0
Gross Profit	28.4	6.2	6.1	6.5	7.5	26.3	4.9	6.9	11.8
Income (loss) from operations	17.1	3.9	3.9	3.1	4.7	15.6	1.9	4.1	6.0
Adjusted EBITDA	20.4	5.2	5.0	4.7	6.1	21.0	3.5	5.5	9.0
<u>Total Allscripts, non-GAAP</u>									
Revenue	1,765.2	432.6	445.0	444.6	451.5	1,773.7	416.7	406.2	822.9
Gross profit	807.8	186.5	196.4	192.0	191.9	766.8	171.4	172.9	344.3
Gross margin	45.8%	43.1%	44.1%	43.2%	42.5%	43.2%	41.1%	42.6%	41.8%
Income (loss) from operations	189.8	41.7	44.8	44.1	43.9	174.5	26.3	45.3	71.6
Adjusted EBITDA	301.2	72.0	75.3	74.0	73.8	295.1	57.2	77.1	134.3
Adjusted EBITDA margin	17.1%	16.6%	16.9%	16.6%	16.3%	16.6%	13.7%	19.0%	16.3%

Note: Corporate R&D and SG&A have been allocated specifically to each segment

Table 5
Allscripts Healthcare Solutions, Inc.
Non-GAAP Financial Information
(In millions)
(unaudited)

	2018	2019					2020		
	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Total
<u>Core Clinical & Financial Solutions Segment</u>									
Revenue, GAAP	1,379.5	340.4	347.8	343.0	345.9	1,377.1	320.3	311.1	631.4
Acquisition-related deferred revenue adjustments	15.4	0.3	0.3	0.2	0.2	1.0	0.0	0.0	0.0
Non-GAAP Revenue	1,394.9	340.7	348.1	343.2	346.1	1,378.1	320.3	311.1	631.4
Gross profit, GAAP	491.4	120.2	122.3	115.4	115.1	473.0	100.4	108.5	208.9
Acquisition-related deferred revenue adjustments	22.2	0.3	0.3	0.2	0.2	1.0	0.0	0.0	0.0
Acquisition-related amortization	33.0	7.6	7.5	7.6	7.5	30.2	7.1	6.9	14.0
Stock-based compensation expense	5.4	1.5	1.6	1.1	1.5	5.7	1.5	1.0	2.5
Restructuring and other	10.7	0.9	0.9	4.4	0.4	6.6	3.5	(1.3)	2.2
Non-GAAP Gross profit	562.7	130.5	132.6	128.7	124.7	516.5	112.5	115.1	227.6
Income (loss) from operations, GAAP	(158.4)	(5.5)	(11.7)	(9.5)	(53.8)	(80.5)	(20.7)	(16.1)	(36.8)
Acquisition-related deferred revenue adjustments	22.2	0.3	0.3	0.2	0.2	1.0	0.0	0.0	0.0
Acquisition-related amortization	55.5	13.2	13.2	13.2	13.3	52.9	12.6	12.2	24.8
Stock-based compensation expense	35.0	9.5	8.3	6.3	7.6	31.7	8.4	5.5	13.9
Impairments	71.1	0.1	2.8	0.1	32.8	35.8	0.0	0.0	0.0
Restructuring and other	70.5	5.7	6.6	10.9	15.1	38.3	7.5	20.0	27.5
Non-GAAP Income (loss) from operations	95.9	23.3	19.5	21.2	15.2	79.2	7.8	21.6	29.4
Depreciation and amortization	92.2	24.6	24.8	23.8	23.8	97.0	24.0	25.0	49.0
Adjusted EBITDA	188.1	47.9	44.3	45.0	39.0	176.2	31.8	46.6	78.4
<u>Data, Analytics & Care Coordination Segment</u>									
Revenue, GAAP	336.0	82.4	88.0	91.3	93.7	355.4	88.4	85.1	173.5
Acquisition-related deferred revenue adjustments	(0.2)	0.3	0.2	0.2	0.3	1.0	0.0	0.0	0.0
Non-GAAP Revenue	335.8	82.7	88.2	91.5	94.0	356.4	88.4	85.1	173.5
Gross profit, GAAP	204.8	47.7	55.7	53.4	57.5	214.3	51.7	49.0	100.7
Acquisition-related deferred revenue adjustments	2.1	0.3	0.2	0.2	0.3	1.0	0.0	0.0	0.0
Acquisition-related amortization	5.5	1.4	1.5	1.6	1.8	6.3	1.5	1.6	3.1
Stock-based compensation expense	0.8	0.1	0.2	0.0	0.1	0.4	0.2	0.1	0.3
Restructuring and other	3.5	0.3	0.1	1.6	0.0	2.0	0.6	0.2	0.8
Non-GAAP Gross profit	216.7	49.8	57.7	56.8	59.7	224.0	54.0	50.9	104.9
Income (loss) from operations, GAAP	48.2	4.3	12.5	9.6	14.1	40.5	9.6	7.3	16.9
Acquisition-related deferred revenue adjustments	2.1	0.3	0.2	0.2	0.3	1.0	0.0	0.0	0.0
Acquisition-related amortization	9.6	2.6	2.5	2.9	2.8	10.8	2.7	2.6	5.3
Stock-based compensation expense	4.3	3.3	2.9	2.2	2.5	10.9	2.7	2.1	4.8
Impairments	0.6	0.0	0.9	0.1	(0.3)	0.7	0.0	0.0	0.0
Restructuring and other	12.0	4.0	2.4	4.8	4.6	15.8	1.6	7.6	9.2
Non-GAAP Income (loss) from operations	76.8	14.5	21.4	19.8	24.0	79.7	16.6	19.6	36.2
Depreciation and amortization	15.9	4.4	4.6	4.5	4.7	18.2	5.3	5.4	10.7
Adjusted EBITDA	92.7	18.9	26.0	24.3	28.7	97.9	21.9	25.0	46.9
<u>Unallocated</u>									
Revenue, as reported	34.5	9.2	8.7	9.9	11.4	39.2	8.0	10.0	18.0
Non-GAAP Revenue	34.5	9.2	8.7	9.9	11.4	39.2	8.0	10.0	18.0
Gross Profit, as reported	28.4	6.2	6.1	6.5	7.5	26.3	4.9	6.9	11.8
Non-GAAP Gross Profit	28.4	6.2	6.1	6.5	7.5	26.3	4.9	6.9	11.8
Income (loss) from operations, GAAP	17.1	3.9	3.9	3.1	4.7	15.6	1.9	4.1	6.0
Non-GAAP Income (loss) from operations	17.1	3.9	3.9	3.1	4.7	15.6	1.9	4.1	6.0
Depreciation and amortization	3.3	1.3	1.1	1.6	1.4	5.4	1.6	1.3	2.9
Adjusted EBITDA	20.4	5.2	5.0	4.7	6.1	21.0	3.5	5.5	9.0