

Ryan Schmidt, Investor Relations

Good afternoon, everyone. Joining me on our call today to discuss the company's first quarter 2026 results are Andrew Toy, Clover Health's Chief Executive Officer, and Clay Thornton, the Company's Interim Chief Financial Officer. You can find today's press release and the accompanying supplemental slides, as well as the Company's most recent investor deck, in the 'Investor Events & Presentations' section of our website at investors.cloverhealth.com. This webcast is being recorded, and a replay will be available in the Investor Relations section of the Clover Health website.

I'd also like to caution you that we may make forward-looking statements during today's call that are subject to risks and uncertainties, including expectations about future performance. Factors that may cause actual results to differ materially from expectations are detailed in our SEC filings, including in the Risk Factors section of our most recent Annual Report on Form 10-K and other SEC filings. Information about non-GAAP financial measures referenced, including a reconciliation of those measures to GAAP measures, can be found in the earnings materials available on our website. With that, I'll now turn the call over to Andrew.

Andrew Toy, Chief Executive Officer

Thank you, Ryan, and thank you everyone for joining us today.

Entering 2026, our first quarter results demonstrate how market-leading growth, GAAP Net Income profitability and full risk can scale together in Medicare Advantage. This quarter, we grew membership 51% year-over-year while generating GAAP Net Income of \$27 million dollars. We believe that this demonstrates our ability to empower physicians with technology to deliver earlier and better care, finance best-in-class benefits, drive strong retention, and strengthen our cohort economics over time.

The clearest example of that is in our core New Jersey markets, where our model is most integrated and where that integration is translating into market leadership. Coming into 2026 - outside of special needs and employer retiree plans - Clover is now the largest PPO in New Jersey.

We believe this concentration creates a virtuous cycle. Where growth drives deeper clinical integration and continued investment in core markets, reinforcing provider alignment and strengthening the underlying economics of the business over time. Also, as we attract and retain more members under our technology-driven care model, we expect that to translate into continued earnings expansion.

Our business model is also structurally different from most Medicare Advantage plans. This is why we believe our model compounds better over time. We operate on a wide-network PPO structure where we retain full economics and generally do not delegate risk downstream. As

new members join, we view their cost of acquisition and first year medical costs as deliberate upfront investments, as they are not yet fully under our care model.

These new members create a near-term headwind, but also establish a strong profitability tailwind as those cohorts mature under our platform. In that first year, we are assessing their health, enrolling the sickest into home care, and of course getting as many members as possible Clover Assistant visits. This provides us with what we consider to be best in class cohort improvement. Put another way, we believe the total lifetime value of a Clover member significantly exceeds that of other plans.

We deliberately designed the model this way. Better clinical engagement, driven by technology at the point of care, is what we believe improves both member outcomes and plan economics. That same model is foundational across our MA business and Counterpart Health. Other plans note our leading wide network PPO, our total cost of care, and our nation leading HEDIS performance, and ask us if we might be able to help them do the same. Counterpart is what lets us say yes to that.

Importantly, 2026 is also our second consecutive year of strong MA plan growth, and we believe we are significantly better positioned than we were a year ago. We benefit from a higher Star rating and we kept benefit design stable year-over-year. Notably, beginning in OEP we also decided to moderate in-year growth to prioritize clinical integration. We grew significantly in AEP and moderating the rest of the year makes sense to us as we can focus on the experience and care of our new members.

Our model is also differentiated by the data foundation we have built over time. We recently announced an expansion of our capabilities here, becoming one of the first payors active on the new CMS-aligned networks. This allows us to access more data, earlier in the member lifecycle, and power more effective AI-driven insights. AI runs on data, and we believe we are one of the only plans who view interoperability not as an IT driven compliance project, but as a core capability. We believe this is a key structural advantage, and will be reflected in the performance of our care model as we scale.

Let's turn to care we delivered within the quarter. Clover Assistant and Clover Care Services are driving both wide network clinical engagement and supporting higher-acuity members in the home. During the first quarter, over one-third of our members received Clover Assistant-powered care, in line with expectations, and tracking toward our full year targets.

We have also meaningfully increased engagement for higher-acuity members, with our home care division enrolling a record number of patients for this point in the year. This matters as we continue to see meaningful differences in outcomes and cost performance for members who are actively engaged in these programs.

While still early in the year, our start to 2026 builds on the foundation we established in 2025, and reflects the consistent year-over-year execution of our strategy. Clay will cover this in more detail, but we believe initial trends are developing in line with expectations.

Looking ahead to 2027, it's too early to discuss our bids in detail, but we feel good about how we are positioned. We've built our model to thrive across both 3.5 and 4 Star ratings, and we believe the CMS rate notice came in at a reasonable place.

First, CMS did not finalize the proposed risk model changes, resulting in a more stable outcome on the risk adjustment side than many expected. While this stability is supportive to the broader industry, it's important to note that our model is built to perform through clinical engagement and care management. We do not rely on rate inflation in the same way others do. We have also consistently supported efforts to strengthen risk adjustment. By aligning payments more closely with actual care delivery, we believe our model is well positioned for an environment that moves in that direction.

Second, on the changes surrounding unlinked chart reviews, we expect a minimal impact from this change year-over-year. Further, we support the underlying broader shift toward aligning payment with care delivered at the point of service. Our model has long been grounded in encounter-based, claims-linked documentation, with Clover Assistant enabling earlier and more accurate diagnosis within physician workflows. In our comments to CMS, we highlighted a specific issue around members who switch plans, since the new plan may not always have access to the prior encounter data needed to link historical chart reviews. We were pleased to see CMS address that issue through the switcher exception, which we believe supports fair competition and more accurate risk adjustment for growing plans like ours.

Lastly, beyond the final 2027 rate notice, we think the direction of the Stars program is gradually becoming more aligned with how quality should be measured. That said, there is still significant work to be done. We continue to believe the program should place more weight on the measures most directly tied to clinical outcomes, measurable improvements in member health, and evidence-backed clinical actions.

We built Clover around physician enablement, interoperable care coordination, and supporting physicians in providing earlier diagnosis and management of chronic disease. We think our historical, market leading HEDIS performance reflects that. While we still think further reform is needed, we are encouraged by CMS's recent steps to move Stars in a more outcomes-oriented direction, and we believe plans such as Clover, built on delivering better health outcomes, will be very well positioned over time.

Taken all together, we feel good about our strong start to the year and long term positioning. Our cohorts are developing as expected, our care model is scaling, and our leading operational indicators are performing as anticipated. We expect to deliver full year GAAP Net Income profitability in 2026, and to continue improving both care and economics over time.

Finally, I'm delighted to introduce Clay Thornton, Clover's Interim Chief Financial Officer. I've worked closely with Clay at Clover for several years in his role as CFO of our Medicare Advantage plan. He's been deeply involved in building and scaling the financial foundation of the business and we're excited for him to step into this expanded role.

With that, I'll turn it over to Clay for the financial update.

Clay Thornton, Interim Chief Financial Officer

Thank you, Andrew, and thanks everyone for joining.

Over the past two years leading the Medicare Advantage finance organization here at Clover, I've been directly involved in building and scaling this model, and I'm looking forward to bringing that perspective to our discussion today. First, let me start with the headline for the quarter.

We delivered positive GAAP Net Income while continuing to grow at a market-leading rate, with performance that was broadly in line with our expectations and reflects continued improvement in our underlying earnings power.

At the same time, I want to acknowledge upfront that it is still early in the year. While we're encouraged by what we're seeing, we are approaching the rest of 2026 with appropriate discipline as we continue to evaluate how our newer cohorts develop.

Next, I'd like to discuss our strong first quarter 2026 performance in detail, starting with membership and revenue.

We grew Medicare Advantage membership by over 52,000 lives year-over-year to approximately 156,000 members, driving \$749 million in Total revenues, up 62% year-over-year.

Breaking that down a bit further. First, our growth was driven primarily by a strong AEP, where we saw both high enrollment and best-in-class retention, which we view as one of the most important leading indicators of long-term cohort profitability in Medicare Advantage. Retention is ultimately what allows the economics of our model specifically to compound over time. And second, during OEP we began to intentionally moderate the pace of new member growth, prioritizing operational readiness and clinical capacity following a very strong AEP. That moderation was a deliberate choice in our model.

Additionally, within each enrollment period we continued to intentionally prioritize growth in our core markets and plans where Clover Assistant coverage, and impact is highest. This reinforces that our growth this year is aligned with where we have the strongest long-term unit economics.

And finally, I'd like to highlight that the strength of our benefit design continues to be a meaningful driver of our growth, and we view this as an important strategic lever as we look ahead to 2027.

Turning next to Consolidated Gross Profit.

Consolidated Gross Profit during the first quarter was \$160 million, up 47% year-over-year, reflecting strong revenue growth alongside stable medical cost performance.

Let me spend a minute here on the underlying trends.

First, inpatient utilization was meaningfully lower year-over-year in the first quarter. Lower flu and COVID-related utilization contributed approximately 25 to 30 basis points of favorability to our overall margin relative to 2025. More importantly though, we are seeing early evidence that increased clinical engagement is helping to effectively manage utilization, particularly among higher-acuity members. Enrollment in our Clover Care Services programs is up approximately 90% year-over-year, reflecting our ability to engage members earlier and more proactively to manage care.

While inpatient trends were favorable, outpatient utilization and cost continues to be elevated but largely in line with our expectations. We saw an acceleration here in the back half of 2025, and that has continued into early 2026, reflecting an increase in service intensity and provider billing patterns. We are actively addressing this by leveraging our data advantage and AI-driven insights to drive more effective medical expense management here.

Within supplemental benefits, we've made substantial progress on dental cost management following the targeted remediation and recovery actions implemented in 2025, and we continue to view dental care as a critical component of overall healthcare. While utilization has remained stable year-over-year, we are seeing meaningful cost reductions driven by structural changes in how we approach out-of-network dental claims, which historically introduced variability if not tightly managed.

And lastly on Part D, performance is developing in line with our expectations as we move into the second year of the IRA implementation. We feel good about how this is trending so far, but we will continue to closely monitor ongoing impacts to Part D performance, most notably the impacts of risk adjustment normalization and trend acceleration among non-low income members as the year progresses.

We continue to view consolidated gross profit as the clearest overall indicator of underlying insurance plan performance, and are pleased with our first quarter result, particularly as we scale and manage through our evolving cohort mix.

At a high level though, we focus less on any single quarter's utilization and more on whether cohorts are tracking to expected maturity curves, as that is what ultimately drives long-term

economics in our model. To do this, we evaluate performance at the cohort level through contribution profit, which allows us to directly assess the underlying unit economics of each cohort as members mature under our care.

All that said, Insurance BER was 86.5% for the quarter, reflecting both strong performance alongside our ongoing investment in quality improvement for our members.

Turning to SG&A.

Adjusted SG&A during the first quarter was \$119 million, or 16% of revenue, improving approximately 200 basis points year-over-year and broadly in line with expectations.

This improvement is the result of efficiencies of scale in our fixed cost structure, improved efficiency in variable operating costs through vendor optimization, more disciplined variable growth spending relative to prior years, and the early impacts from automation and AI-driven workflows. We expect all of these to be durable drivers of efficiency as we scale.

At the same time, we are continuing to invest in these capabilities, particularly in our AI and data platform, which we believe is a structural advantage in how we manage both medical costs and operating expenses, and an increasingly important driver of efficiency as we scale.

We are also intentionally investing in Counterpart Health, both in product development and go-to-market capabilities. We view these investments as strengthening the clinical and economic performance of our own MA members, while also creating incremental long-term growth opportunities outside of our core insurance business.

We are beginning to see early traction within Counterpart, with growing provider adoption in markets where we do not currently operate plans, and we expect to expand that footprint further over time. As we've communicated previously, our near-term focus remains on expanding total lives on the platform to position Counterpart as a long-term growth engine alongside our Medicare Advantage business.

During the quarter, we did also experience modest variability in our SG&A driven by higher variable costs associated with strong OEP retention, as well as some timing-related operational expenses.

Turning to profitability, we generated \$27 million of GAAP Net Income in the first quarter, improving by \$29 million year-over-year, with Adjusted EBITDA of \$40 million, increasing 56% year-over-year. Both reflect continued improvement in underlying earnings power as our cohorts mature and our operating leverage improves.

On the balance sheet, we ended the first quarter with \$418 million in total cash and investments, with no debt outstanding. Cash flow from operations was \$108 million in the quarter, driven by strong underlying business performance alongside timing related working capital favorability as a result of our strong membership growth. Given current performance and cohort trajectory, we

remain confident in our ability to self-fund growth while continuing to strengthen our unregulated cash position through disciplined capital allocation and ongoing operational initiatives.

Turning next to guidance. We expect to meet or exceed our full year 2026 outlook across all metrics. That being said, we will revisit our full year 2026 guidance across all metrics following our second quarter results, when we expect to have a more complete baseline through which to evaluate performance trends and inform our outlook for the second half of the year.

As we think about the remainder of 2026 though, there are a number of things we feel particularly good about:

- First, our strong retention, which drives a more favorable cohort mix.
- Second, our continued growth in clinical engagement, particularly in home-based care delivery.
- Third, our ability to expand Clover Assistant reach and impact across both new and returning members as we scale.
- Fourth, encouraging early trends in inpatient utilization and supplemental benefit cost management, both tracking in line with or better than our expectations.
- And lastly, the efficiencies of scale we are beginning to realize as our membership base has roughly doubled over the past two years.

At the same time, and as I mentioned earlier, we are closely monitoring outpatient and Part D impacts, alongside the pacing and impact of our Counterpart Health investments.

Taken all together, while we are encouraged by the start to the year, and the leading indicators we are seeing, we are maintaining a disciplined posture until we have more data to inform our views of how our newer cohorts will perform throughout the year.

Looking beyond 2026, as Andrew noted, it's still too early to speak specifically about our 2027 bids, and we'll provide more detail on our next call. That said, we believe the strength of our benefit positioning this year provides us with meaningful flexibility in how we approach growth versus margin in 2027, allowing us to make deliberate choices rather than react to market conditions. And more importantly, we believe that our model uniquely allows our underlying earnings power to compound over time as returning cohorts grow and mature.

As a reminder, we are managing a membership base today that includes a large number of first- and second-year members, which are much earlier in their lifetime value curve relative to more mature cohorts. As we move into 2027, we expect a large portion of our membership base will be progressing favorably along the lifetime value curve, including our 2025 cohort entering year three, which we expect to be a meaningful tailwind to both margin and cash generation. We also expect continued efficiency gains, particularly within SG&A, driven by increased scale alongside the effects of our AI and data platform to further enhance cohort economics.

That dynamic, the compounding effect of cohort maturation and continued SG&A optimization through AI, remains central to how we think about long-term value creation.

In conclusion, we're encouraged by the start to the year, and we're seeing the model perform as expected, but we're maintaining discipline as we move forward.

I look forward to updating you as the year progresses.

With that, I'll turn it back to Andrew for closing remarks.

Andrew Toy, Chief Executive Officer

Thanks Clay.

To close, I'd just reinforce a few simple points. We're seeing strong growth and profitability come through at the same time, with cohorts developing as expected and our care model scaling as designed. As we move through 2026, we remain focused on engaging more members earlier in their lifecycle, while balancing profitability with ongoing investment in our care model, technology, and long-term capabilities.

It's still early in the year, but taken all together, this gives us confidence not just in delivering our 2026 goals, but in the durability and compounding nature of the model over time. We're building Clover for an AI first, personalized healthcare world, and we find that incredibly exciting.

With that, we're happy to take your questions.

[Q&A]

Andrew Toy, Chief Executive Officer

Alright, thanks everybody for joining us today and thank you for the thoughtful questions. We appreciate everyone's continued interest in Clover, and we definitely look forward to updating you all on our progress as the year progresses. Everybody, have a nice evening, thank you so much.