

Ryan Schmidt, Investor Relations

Good afternoon, everyone. Joining me on our call today to discuss the company's fourth quarter and full year 2025 results are Andrew Toy, Clover Health's Chief Executive Officer, and Peter Kuipers, the Company's 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 welcome everyone to Clover's fourth quarter earnings call.

The headline takeaway is this: in 2025, we achieved full year Adjusted EBITDA profitability, delivered a well-controlled medical cost trend, and re-established market leading membership growth – all in a year marked by elevated utilization across the industry.

What makes this especially notable is that we achieved these results while absorbing the natural first-year dilution that comes with membership growth in Medicare Advantage. Because we retain full underwriting risk, rather than delegating it downstream, that near-term pressure sits entirely with us. Sustaining profitability while growing 38% within that structure is not easy. However, as those members mature into returning cohorts, we capture the full economic upside, and we're excited about the accelerating earnings power that dynamic unlocks. This reinforces the durability of our model and the strength of our cohort economics, which we believe are among the strongest in the industry.

What also gives us confidence moving forward is the contrast between Clover's trajectory and the broader Medicare Advantage market. Headlines that might read as negative for the Medicare Advantage industry, are clear tailwinds for Clover from a competitive lens, and the past 3 years are our evidence of this. When regulatory actions have tightened risk adjustment and reimbursement rates, incumbents have reacted by reducing benefits, exiting markets, and eroding margins. This only serves to strengthen Clover's competitive positioning, making us an even more attractive option for consumers.

For years, we have been explicit that Medicare Advantage should reward real clinical value and disciplined cost management, not coding intensity or favorable rate assumptions. As far back as 2021, we publicly supported heightened rigor around risk adjustment and emphasized that our model focuses on clinical value with no incentive for increased coding. In 2022 and 2023, we reiterated that sustainable growth would come from empowering physicians through technology and bending the cost curve over time, not by benefiting from medical cost inflation or temporary rate tailwinds. When the broader market faces pressure, it reinforces the durability of our model and the structural choices we made in building Clover.

With this foundation, combined with clear structural tailwinds this year, we expect to achieve our first full year of GAAP Net Income and EPS profitability in 2026. This metric will be the cornerstone for our 2026 guidance, that Peter will discuss in more detail later in the call. I will now walk through our results in three parts: First, how we executed our 2025 strategy. Second, why we believe that we are well positioned for 2026. And third, as we look ahead, why we feel good about the durability of our model in 2027 and beyond.

Starting with 2025. We set out to achieve Adjusted EBITDA profitability while absorbing meaningful new member dilution, to continue to deliver industry-leading quality, and to prove that our growth strategy works. We delivered on each of those priorities, even against a difficult industry backdrop, higher than expected intra-year new member growth, and during a 3.5 Star payment year.

Secondly, we also demonstrated that our growth strategy could be repeatable. During the 2026 Annual Enrollment Period, we delivered 53% year-over-year membership growth, driven by a stable benefit offering, strong retention, a focus on our core markets where Clover Assistant coverage is strong, and minimal reliance on e-brokers. This reinforces that our growth strategy makes sense, and is also durable.

Lastly, our 2025 benefits continued to be the clear and compelling choice in our core New Jersey markets. And at the same time, our underlying medical cost trend remained strong. Growing membership while maintaining cost discipline is what enables us to balance profitability through the inherent earnings power of our model.

Turning to 2026, we enter this year with exceptional member retention, more operating experience, and a focus on deep Clover Assistant engagement. With greater than 95% AEP retention and approximately two-thirds of our members receiving Clover Assistant powered care in 2025, we are carrying forward a stable 2026 benefit offering that builds directly on last year's performance. That combination of retention, engagement, and underwriting discipline drives our confidence in delivering our first full year of GAAP Net Income profitability in 2026 while continuing to grow at a market-leading pace.

Further reinforcing this is our underlying cohort economics, which we expect to be structurally stronger in 2026 versus 2025. As I discussed earlier, new members are inherently dilutive across the industry, and because we do not delegate risk to providers, we absorb that near-term

pressure more directly. However, as those members mature into returning cohorts, we retain the full economic upside, and our data consistently shows profitability improves with tenure. That dynamic, combined with our 4 Star payment year, favorable market rate dynamics, and earlier care management via Clover Assistant, highlights the structural earnings power of our model and gives us real conviction in the year ahead.

Now, looking ahead to 2027, our view is that the broader MA policy direction and the underlying strength of our business remain aligned.

Overall, we support the intent and goals of the proposed changes around unlinked chart review records, as they aim to further align payment with documented clinical care delivered in real patient encounters. Our model has always been grounded in encounter-based, claims-linked documentation, with Clover Assistant enabling earlier, more accurate diagnosis and better clinical decision-making directly at the point of care. That said, we believe that there is one unintended consequence of the proposal, related to switchers. For example, when members switch plans, the new plan currently lacks the data needed to link records to prior encounters. Our view is that CMS can close this gap by simply sharing that data. Nonetheless, we support CMS's broader goals of strengthening payment accuracy and fostering fair competition. Because our clinical insights are generated and acted on within real physician workflows, this policy direction is consistent with how we operate and reinforces the long-term integrity of the Medicare Advantage program.

Similarly, our model was built to perform without relying on annual rate increases, unlike many other plans, which gives us a differentiated perspective on the 2027 Medicare Advantage Advance Rate Notice. From the beginning, we designed Clover to make the math work through disciplined cost management and clinical integration, not through elevated rate assumptions or policy optimization. It is through that lens that we view the recent announcement, which we believe highlights structural differences across the industry. Plans built around favorable rate environments feel pressure, and plans built to better manage total cost of care through real clinical engagement are positioned differently.

At its core, Medicare Advantage exists to improve care delivery and clinical outcomes while keeping medical cost growth under control for the country. That principle is foundational to how we operate. When payment policy moves closer to documented clinical reality, it reinforces how we've built Clover - to improve care while bending the cost curve through Clover Assistant and deeper clinical integration. As a result, we believe our model is structurally less sensitive to policy cycles and better positioned in periods of industry adjustment.

Beyond policy, our long-term confidence rests on two things: sustained core New Jersey market leadership and a technology-driven model that can grow profitably even in a 3.5 Star environment. We are now the largest Individual Non-SNP PPO plan in New Jersey, and that is not accidental. It reflects our intention not only to establish leadership in our core New Jersey markets, but to sustain and extend it into 2027 and beyond.

And our scale in New Jersey matters, as it makes us a more attractive partner across the network while creating natural efficiencies that strengthen the economics of our model as we scale. Additionally, we've demonstrated our ability to grow and maintain profitability while offering attractive marketing-leading benefits, priced against a 3.5 Star benchmark. This validates the resilience and differentiation of our model compared to competitors, and reinforces that while a 4 Star payment year represents meaningful upside, it is not a hard dependency for profitability. This relative independence to both rate and stars is differentiating in an industry where many plans often depend on both to simply maintain baseline membership.

Importantly, the same technology platform and operating strengths that underpin our core Medicare Advantage business also forms the foundation for Counterpart Health. Our near-term goal is to achieve the milestone of managing as many members under Counterpart Assistant as we manage under Clover Assistant in our growing MA plan. As payors and risk-bearing providers face ongoing pressure around medical costs, quality performance, and fragmented health data, we believe there is a clear need for clinically grounded, AI-powered solutions that operate in real-world workflows. Our priority right now is to expand total lives on the Counterpart platform and deepen clinician adoption, positioning Counterpart as a long-term growth engine alongside our growing and profitable Medicare Advantage business.

In summary, 2025 was a year of execution that demonstrated the earnings power of our model, even amid significant new member growth and dilution. 2026 is about building on that foundation as we anticipate our first full year of GAAP Net Income profitability. And beyond that, we see a scalable platform that continues to improve care, strengthen economics over time, and deliver long-term value for seniors. With that, I will turn it over to Peter to walk through the financials in more detail.

Peter Kuipers, Chief Financial Officer

Thank you, Andrew.

Before I walk through the financial results, I want to highlight why we believe Clover is exceptionally well positioned as we enter 2026 and beyond. We are starting from a position of strength, with improving earnings power, disciplined underwriting, and a technology-enabled model designed to perform across cycles.

In 2025, we demonstrated financial resilience. We grew Medicare Advantage membership well above the market while maintaining underwriting discipline, and we delivered full-year Adjusted EBITDA profitability.

We did this in a 3.5 Star payment year, despite new member margin dilution and elevated utilization across the industry.

Our benefits remained a clear and compelling choice in our core New Jersey markets. This drove strong membership growth while maintaining pricing discipline.

We absorbed new member margin dilution while keeping underlying medical cost trends, excluding pharmacy, well controlled at 5% year over year.

Overall, this validates our 2025 pricing strategy, our balance of growth with profitability, the strength of our Clover Assistant-powered model, and it gives us confidence as we enter 2026 with a stable benefit design.

In 2025, both new and returning member cohort contribution profit performed in line with expectations.

Returning member contribution profit remained strong at \$200 PMPM year over year. New member contribution loss improved to \$145 PMPM, reflecting better execution and disciplined benefit design, even in a challenging utilization environment.

As we enter 2026, we expect meaningful improvement in new member contribution profit and continued strength in returning cohorts, consistent with our historical progression and supported by structural tailwinds. As members mature on our platform and Clover Assistant engagement deepens, profitability improves with tenure.

With AEP retention above 95%, we're entering the year with a larger base of seasoned cohorts. This structurally strengthens our earnings profile and supports a strong path to continued above-market growth, and our first full year of GAAP Net income profitability.

Turning now to our fourth quarter and full year 2025 results.

Medicare Advantage membership increased 38% year over year to approximately 114,000 members at year-end.

Insurance revenue in the fourth quarter was \$486 million, an increase of 47% year over year. 2025 Insurance revenue was \$1.9 billion, an increase of 41% year over year. And 2025 Total revenue increased 40% year over year.

Our medical cost trend remained well controlled in 2025.

In the fourth quarter, we did see continued cost pressure, particularly in outpatient settings in line with broader industry trends. As expected, we also saw seasonal Part D pressure related to the IRA changes.

Despite this, we improved our Part D margin year over year and delivered higher Consolidated gross profit in 2025. Overall, our performance was in line with our guidance.

Starting this quarter, we are introducing Consolidated Gross Profit as a primary operating metric for guidance and reporting. We define Consolidated Gross Profit as total revenue minus medical claims.

We believe Consolidated Gross Profit gives the clearest view of our consolidated business performance and underlying earnings power. As we scale, it better reflects the operating leverage and capital efficiency of our model. Beginning this year, Consolidated Gross Profit will replace Insurance segment BER as our primary operating guidance metric.

For the full year 2025, Consolidated Gross Profit was \$356 million.

Turning to Insurance segment BER. For 2025, BER was 90.9%, an increase of 970 basis points year over year.

After normalizing for prior period development in both periods, BER increased by approximately 700 basis points year over year, primarily driven by new member dilution and incremental quality investments.

As we move to SG&A and operational leverage. Fourth quarter Adjusted SG&A of \$98 million was slightly above expectations. This was mainly due to higher commissions from stronger-than-expected new sales and continued quality-focused investments to improve cohort performance and margins in 2026.

We continue to demonstrate operating leverage as we scale. Adjusted SG&A as a percentage of total revenue was 20% in the fourth quarter, improving 560 basis points year over year, and was 17% for the full year, improving 410 basis points year over year.

We continue to manage expenses with discipline, investing in initiatives that strengthen cohort economics. Our focus remains on turning growth into consistent margin improvement and durable long-term earnings.

2025 showed that we can grow and stay profitable at the same time. We managed new member dilution effectively, even with higher industry utilization. For the full year, we delivered \$22 million of Adjusted EBITDA and \$20 million of Adjusted Net Income.

As expected, the fourth quarter reflected normal seasonal patterns. For the full year, we remained profitable on an Adjusted EBITDA basis while growing membership by 33% on average. That demonstrates the strength of our model, the durability of our cohorts, and our ability to turn growth into sustainable earnings.

Let's turn to the balance sheet.

We ended the fourth quarter with \$320 million in cash and investments on a consolidated basis, including \$122 million at the unregulated subsidiary level.

Cash flow used in operating activities for the full year was \$67 million, primarily driven by working capital timing related to membership growth.

Our capital allocation framework remains disciplined and consistent. First, we prioritize preserving balance sheet strength and liquidity. Second, we chose to selectively reinvest in initiatives that enhance long-term cohort economics and deepen clinical integration through Clover Assistant.

We are not pursuing growth for growth's sake. Our strategy is designed to become increasingly self-funding over time, supported by improving cohort performance and expanding operating leverage. We believe our liquidity position remains strong and we expect to generate meaningful operating cash flow while achieving GAAP Net Income profitability.

Let's move to the guidance for 2026.

- Medicare Advantage membership is expected to average between 154,000 and 158,000, reflecting 46% growth year-over-year at the midpoint.
- Total Revenue is expected to be between 2 billion and 810 million dollars and 2 billion and 920 million dollars, reflecting continued market leading year-over-year top line growth of 49%.
- Consolidated Gross Profit is expected to be between 470 million dollars and 510 million dollars.
- We expect to continue improving operating leverage in Adjusted SG&A through cost initiatives and scale efficiencies. We target to reduce Adjusted SG&A as a percentage of Total revenue by approximately 100 to 150 basis points year over year.
- Adjusted EBITDA is expected to be between \$50 million and \$70 million.
- We expect 2026 to be our first full year of GAAP Net income profitability, with Net income between breakeven and \$20 million.

In 2026, we expect stronger cohort performance and continued market-leading membership growth to drive higher Consolidated Gross Profit and Adjusted EBITDA, while we stay disciplined on SG&A and continue to gain operating leverage as we scale.

Our Adjusted SG&A includes material investment in quality improvement and in research and development that strengthen our care delivery and technology. As our fundamentals continue to improve, we'll keep flexibility in SG&A to reinvest in clinical programs, care management, and innovation where we see strong returns. Overall, our approach balances disciplined cost management with continued investment in long-term value creation, while maintaining clear accountability for bottom-line performance.

Our conviction in achieving our first full year of positive GAAP Net Income in 2026 is based on several clear drivers that we believe strengthen Clover's earnings profile:

- First, strong 2025 execution reinforces our underwriting discipline as we enter 2026 with stable benefits and a second year of executing the same growth playbook.

- Second, we delivered strong returning member retention during AEP, resulting in a larger and more profitable returning-member base in 2026, with continued favorable performance from our Year 3 and older cohorts as they mature.
- Third, 2026 is a 4 Star payment year for our PPO plans, providing a material financial tailwind, with approximately 97% of members enrolled in our wide-network PPO plan.
- Fourth, we expect a favorable impact from the 2026 Part C Final Rate Notice.
- Fifth, we continue to expand Clover Assistant coverage and deepen PCP adoption, supported by ongoing investment in the platform's clinical and operational capabilities. The vast majority of 2026 new member growth is concentrated in our core markets where Clover Assistant PCP penetration is highest, and our model is most integrated and economically advantaged.
- Sixth, we are directing intra-year 2026 growth toward more cost-efficient acquisition channels, which improves new member unit economics.
- Seventh, Part D optimization initiatives implemented in 2025, with enhanced utilization and unit cost management now in place, position us to better manage the second year of IRA changes.
- Eighth, as discussed on prior calls, we implemented targeted remediation and recovery actions to address abnormal dental and DME activity experienced in 2025.
- Finally, we expect continued margin expansion from SG&A leverage, as efficiencies across variable, fixed, and growth-related expenses compound with scale.

In closing, the tailwinds we've outlined today underpin our conviction in delivering meaningful improvement in new member cohort economics and continued strength in returning members.

Our confidence comes from the inherent earnings power of our full-risk model. We absorb the near-term impact of new member growth, and as cohorts mature, we retain the full economic upside. Unlike delegated structures that rely primarily on incremental growth to expand earnings, our model is designed to compound profitability as membership seasons and clinical integration deepens.

We saw this dynamic clearly in 2025, generating Adjusted EBITDA profitability while growing at a market-leading pace. As cohorts continue to mature and Clover Assistant engagement increases, we believe this structural advantage positions us to achieve our first full year of GAAP Net Income profitability in 2026 and compound earnings over time.

With that, I'll turn the call back over to Andrew for closing remarks.

Andrew Toy, Chief Executive Officer

Thanks Peter. To close, I want to reinforce a few simple takeaways.

2025 was a year of execution, where we delivered sustained profitability while absorbing new member dilution, re-established meaningfully above-market growth, and continued to lead the nation on quality among PPO plans.

2026 is about building on that foundation. With improving cohort economics, strong retention, and a stable benefit design carried forward, we are positioned to deliver what we expect to be our first full year of GAAP Net Income profitability. And importantly, not due to favorable conditions, but because of the structural earnings power embedded in our model.

And as we look beyond that, what gives us confidence is not just the durability of our model, but its potential scale. We believe Clover Assistant can power better care for all Medicare beneficiaries broadly, improving clinical outcomes through earlier care management and lowering total cost of care at the same time. Our Medicare Advantage plan allows us to rapidly iterate our technology in real-world clinical settings, and Counterpart enables us to scale those capabilities across the entire healthcare ecosystem. That combination gives us the ability to improve lives while strengthening the Medicare system itself, and we're excited about the opportunity ahead to deliver upon this.

Taken all together, we believe Clover is well positioned to grow where others pull back, remain resilient across operating environments, and stay focused on what matters most: delivering better, more affordable care for seniors while creating long-term value.

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

[Q&A]

Andrew Toy, Chief Executive Officer

Thanks to everyone for joining us today and for the thoughtful questions. We appreciate the continued engagement with Clover, and I look forward to sharing our developments in subsequent quarters. Thanks everyone, have a great night.