

# Clover Health

Third Quarter 2022 - Earnings Results



## Disclaimer

---

This presentation and the accompanying oral presentations include forward-looking statements, including statements regarding future events and Clover Health Investments, Corp.'s ("Clover," "we," "our," or "us") future results of operations, financial position, market size and opportunity, business strategy and plans, and the factors affecting our performance and our objectives for future operations.

These forward-looking statements are subject to a number of risk, uncertainties and assumptions, including those described in the risk factors set forth in Clover Health's latest Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 28, 2022, including the Risk Factors section therein, and in our other filings with the SEC. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Forward-looking statements are not guarantees of future performance and you are cautioned not to place undue reliance on such statements. The forward-looking statements included in this presentation and the accompanying oral presentation are made as of the date hereof. Except as required by law, Clover Health undertakes no obligation to update any of these forward-looking statements after the date hereof or to conform these statements to actual results or revised expectations.

In addition to U.S. Generally Accepted Accounting Principles ("GAAP") financial measures, this presentation includes certain non-GAAP financial measures including Adjusted EBITDA, Adjusted SG&A, and Adjusted SG&A as a percentage of revenue. These non-GAAP financial measures are provided to enhance the reader's understanding of Clover Health's past financial performance and our prospects for the future. Non-GAAP financial measures are supplemental to and should not be considered a substitute for financial information presented in accordance with GAAP and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. A reconciliation of historical non-GAAP measures to historical GAAP measures is included in the Appendix of this presentation.

## Speakers

---



**Vivek Garipalli**  
*Chief Executive Officer &  
Executive Chairman*



**Andrew Toy**  
*President  
(Incoming CEO, Q1'23)*



**Scott Leffler**  
*Chief Financial Officer*

## Q3 2022 and Recent Highlights

### Business & Market Update

- Improved Insurance MCR leads to increased 2022 guidance range of 93% - 94%
- Clover intends to continue to grow Insurance business at above-market rates in 2023 but will moderate growth to prioritize profitability. Company outlines strategic reduction in number of ACO REACH participating physicians in 2023; targeting Non-Insurance MCR below 100%
- Strong liquidity position, delaying need for additional capital at least through 2023 and potentially beyond

### Q3 Financial Performance

- Insurance MCR of 86.3%
- Non-Insurance MCR of 104.2%
- Adjusted SG&A of \$75.3mm, or 9% of revenue<sup>(1)</sup>
- Adjusted EBITDA of (\$58.3mm)<sup>(2)</sup>

### Q3 Capital & Liquidity

- Consolidated total cash, cash equivalents, and investments was \$783mm
- Parent entity and unregulated subsidiaries cash, cash equivalents, and investments was \$416mm

(1) Adjusted SG&A as a percentage of revenue is a non-GAAP financial measure. A reconciliation of Adjusted SG&A to the sum of Salaries and benefits plus General and administrative expenses, the most directly comparable GAAP measure, is provided in the Appendix "Non-GAAP Financial Measures" section.

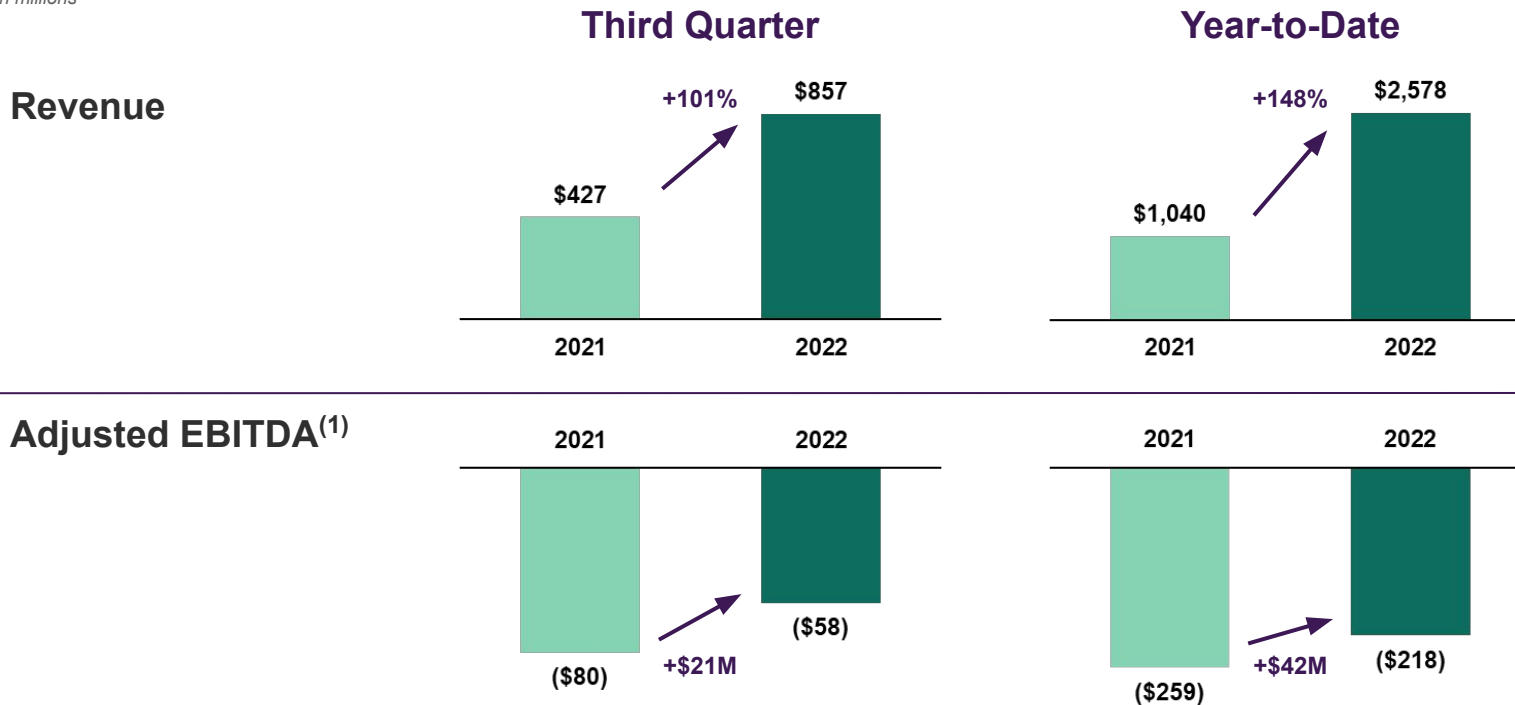
(2) Adjusted EBITDA is a non-GAAP financial measure. We define Adjusted EBITDA as net loss before interest expense, amortization of notes and securities discount, depreciation and amortization, change in fair value of warrants payable, (gain) loss on investment, stock-based compensation expense, premium deficiency reserve expense (benefit), expenses attributable to Character Biosciences, Inc., and Seek Insurance Services, Inc. Please refer to Non-GAAP Financial Measures provided in the Appendix for a reconciliation of Adjusted EBITDA to Net Loss, the most directly comparable GAAP measure.

# Financial Overview



# Q3 & YTD 2022 Financial Performance: Consolidated

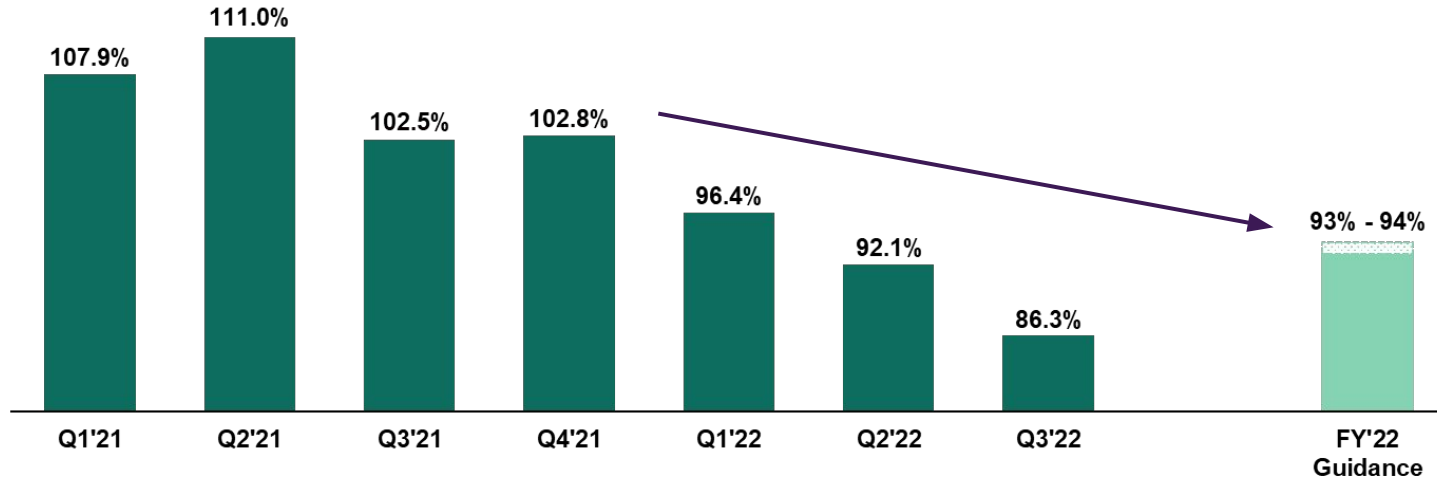
In millions



(1) Adjusted EBITDA is a non-GAAP financial measure. We define Adjusted EBITDA as net loss before interest expense, amortization of notes and securities discount, depreciation and amortization, change in fair value of warrants payable, (gain) loss on investment, stock-based compensation expense, premium deficiency reserve expense (benefit), expenses attributable to Character Biosciences, Inc., and Seek Insurance Services Inc. Please refer to Non-GAAP Financial Measures provided in the Appendix for a reconciliation of Adjusted EBITDA to Net Loss, the most directly comparable GAAP measure.

## Significant Favorability in Insurance MCR Trend

---



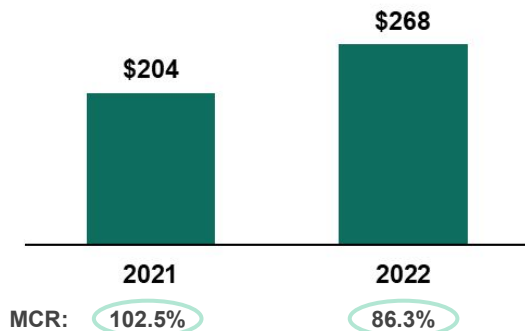
## Q3 & YTD 2022 Financial Performance: Insurance

In millions, except MCR

■ Revenue

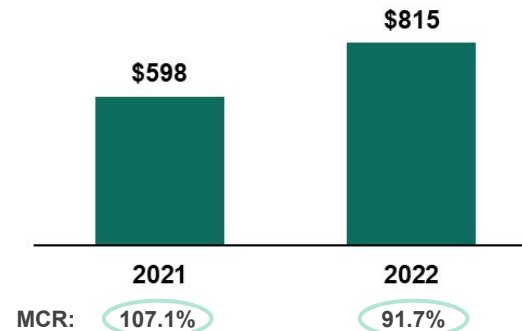
### Third Quarter

Revenue +32%  
MCR -1,620 bps



### Year-to-Date

Revenue +36%  
MCR -1,540 bps



- Q3 2022 revenue growth largely due to growth in membership of ~31% year-over-year
- Favorable decline in Insurance MCR as compared to Q3 2021 was driven by favorability in underlying operational trends as our portfolio continues to mature



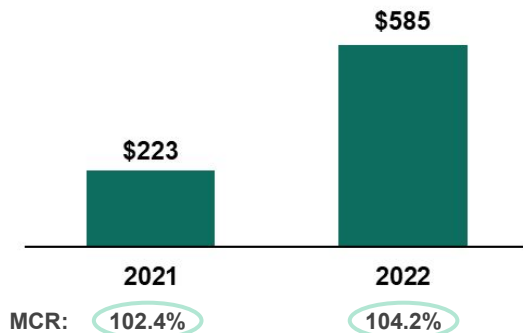
## Q3 & YTD 2022 Financial Performance: Non-Insurance

In millions, except MCR

■ Revenue

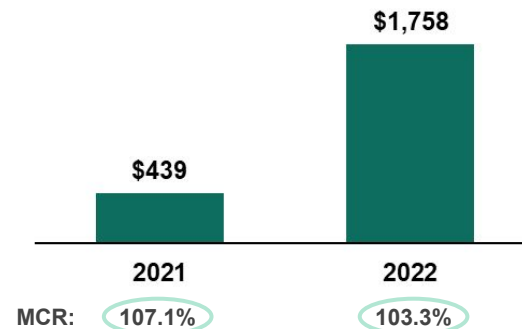
### Third Quarter

Revenue +163%  
MCR +180 bps



### Year-to-Date

Revenue<sup>(1)</sup> +300%  
MCR -380 bps



- Q3 2022 revenue growth largely due to growth in aligned beneficiaries of ~169% year-over-year

(1) Direct Contracting (Non-Insurance) line of business launched in April 2021, so "Year-to-Date" for the performance year 2021 only incorporates two quarters of performance, rather than three.

# 2022 Outlook

On the following slide, Clover Health presents an overview of its full-year 2022 outlook, including certain non-GAAP measures.



# Full-Year 2022 Outlook

	Initial Guidance 02/23/2022	Updated Guidance 11/07/2022
Total Revenue	\$3.0 billion - \$3.4 billion	\$3.2 billion - \$3.4 billion
Insurance Revenue	\$1.0 billion - \$1.1 billion	\$1.0 billion - \$1.1 billion
Non-Insurance Revenue	\$2.0 billion - \$2.3 billion	\$2.2 billion - \$2.3 billion
Insurance Membership	84,000 - 85,000	86,000 - 87,000
Non-Insurance Beneficiaries	160,000 - 165,000	165,000 - 170,000
Insurance MCR	95% - 99%	93% - 94%
Adjusted SG&A <sup>(1)</sup>	\$330 million - \$345 million	\$320 million - \$330 million
Adjusted SG&A <sup>(1)</sup> as a Percentage of Revenue	10% - 12%	9% - 10%

(1) As outlined in the Company's November 7, 2022 press release, Clover Health does not provide a reconciliation of the forward-looking Adjusted Salaries and Benefits plus General and Administrative Expenses and Adjusted Salaries and Benefits plus General and Administrative Expenses as a percentage of revenue outlook to the most directly comparable GAAP measure, as this cannot be done without unreasonable effort due to the variability and low visibility with respect to certain costs.

# Appendix



## Non-GAAP Financial Measures

CLOVER HEALTH INVESTMENTS, CORP. AND SUBSIDIARIES  
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES  
ADJUSTED EBITDA RECONCILIATION  
(in thousands) (Unaudited)<sup>(1)</sup>

	Three Months Ended September 30,	
	2022	2021
Net loss:	\$ (75,308)	\$ (34,527)
Adjustments		
Interest expense	404	404
Amortization of notes and securities discount	9	22
Depreciation and amortization	616	120
Change in fair value of warrants payable	—	(115,152)
Loss on investment	980	—
Stock-based compensation expense	42,641	46,803
Premium deficiency reserve (benefit) expense	(27,657)	20,761
Expenses attributable to Seek Insurance Services, Inc.	6	1,319
Expenses attributable to Character Biosciences, Inc.	—	588
Adjusted EBITDA (non-GAAP)	<u>\$ (58,309)</u>	<u>\$ (79,662)</u>

(1) The table above includes non-GAAP measures. Non-GAAP financial measures are supplemental and should not be considered a substitute for financial information presented in accordance with GAAP. For a detailed explanation of these non-GAAP measures, see Appendix A in the accompanying earnings press release.

## Non-GAAP Financial Measures (continued)

CLOVER HEALTH INVESTMENTS, CORP. AND SUBSIDIARIES  
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES  
ADJUSTED SG&A (NON-GAAP) RECONCILIATION  
(Dollars in thousands) (Unaudited)<sup>(1)</sup>

	<b>Three Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
Salaries and benefits	\$ 70,142	\$ 73,364
General and administrative expenses	47,832	45,846
<b>Total SG&amp;A</b>	<b>117,974</b>	<b>119,210</b>
<b>Adjustments</b>		
Stock-based compensation expense	(42,641)	(46,803)
Expenses attributable to Seek Insurance Services, Inc.	(6)	(1,319)
Expenses attributable to Character Biosciences, Inc.	—	(588)
<b>Adjusted SG&amp;A (non-GAAP)</b>	<b>\$ 75,327</b>	<b>\$ 70,500</b>
<b>Total revenues</b>	<b>\$ 856,817</b>	<b>\$ 427,163</b>
<b>Adjusted SG&amp;A (non-GAAP) as a percentage of revenue</b>	<b>9 %</b>	<b>17 %</b>

(1) The table above includes non-GAAP measures. Non-GAAP financial measures are supplemental and should not be considered a substitute for financial information presented in accordance with GAAP. For a detailed explanation of these non-GAAP measures, see Appendix A in the accompanying earnings press release.

## About Non-GAAP Financial Measures

---

We use non-GAAP measures including Adjusted EBITDA, Adjusted SG&A, and Adjusted SG&A as a percentage of revenue. These non-GAAP financial measures are provided to enhance the reader's understanding of Clover Health's past financial performance and our prospects for the future. Clover Health's management team uses these non-GAAP financial measures in assessing Clover Health's performance, as well as in planning and forecasting future periods. These non-GAAP financial measures are not computed according to GAAP, and the methods we use to compute them may differ from the methods used by other companies. Non-GAAP financial measures are supplemental to and should not be considered a substitute for financial information presented in accordance with GAAP and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. Readers are encouraged to review the reconciliations of these non-GAAP financial measures to the comparable GAAP measures, which are included in the Appendix of this presentation, together with other important financial information, including our filings with the SEC, on the Investor Relations page of our website at [investors.cloverhealth.com](http://investors.cloverhealth.com).

For a description of these non-GAAP financial measures, including the reasons management uses each measure, please see Appendix A in the accompanying earnings press release: "Explanation of Non-GAAP Financial Measures and Other Items."