

# Clover Health

Second Quarter 2023 - Earnings Results



## Disclaimer

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This presentation and the accompanying oral presentation include forward-looking statements, including statements regarding future events and Clover Health Investments, Corp.'s ("Clover Health," "we," "our," or "us") future results of operations, financial condition, outlook, 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 risks, uncertainties and assumptions, including those described in the risk factors set forth in Clover Health's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC"), including the Risk Factors section therein, and in our other filings with the SEC, including our Quarterly Report on Form 10-Q for the second quarter of 2023. 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, and Adjusted SG&A. 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

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**Andrew Toy**  
*Chief Executive Officer*



**Scott Leffler**  
*Chief Financial Officer*

## Q2 2023 and Recent Highlights

### Business Update

- Company improves Net Loss and delivers first positive Adjusted EBITDA quarter as a public company
- Strong Insurance MCR performance driven by revenue growth and modest PMPM MedEx growth
- Continuing to progress well on path to profitability with durable 2023 YTD results
- Improved 2023 guidance includes Insurance MCR of 83% - 85%, Insurance revenue of \$1.20bn - \$1.23bn, and Adjusted EBITDA of (\$70mm) - (\$120mm)

### Significantly Improved Q2 Performance

- Insurance MCR of 77.2% on 17% revenue growth; YTD MCR of 81.9% on 16% revenue growth
- Non-Insurance MCR of 99.6% in Q2'23 compared to 106.0% in Q2'22
- Adjusted SG&A<sup>(1)</sup> of \$66.7mm, a reduction of 7% compared to Q2'22
- Adjusted EBITDA<sup>(2)</sup> of \$10.0mm, as compared to (\$83.9mm) in Q2'22; 1H'23 Adj. EBITDA of (\$20.4mm), as compared to (\$154.8mm) in 1H'22

### Capital & Liquidity

- Consolidated restricted and unrestricted cash, cash equivalents, and investments was \$690mm at June 30, 2023
- Parent entity and unregulated subsidiaries' restricted and unrestricted cash, cash equivalents, and investments was \$299mm at June 30, 2023
- Liquidity position sufficient for expected 2023 operating needs and increasingly confident in potential to achieve Adj. EBITDA profitability for full year 2024 without requiring additional capital

(1) Adjusted SG&A is a non-GAAP financial measure. We define Adjusted SG&A as total SG&A less stock-based compensation expense, less non-recurring legal expenses and settlements, less expenses attributable to Seek Insurance Services, Inc. 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 in the accompanying earnings press release.

(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, gain on investment, stock-based compensation expense, premium deficiency reserve benefit, restructuring costs, non-recurring legal expenses and settlements, and expenses attributable to Seek. Please refer to Non-GAAP Financial Measures provided in the Appendix in the accompanying earnings press release for a reconciliation of Adjusted EBITDA to Net Loss, the most directly comparable GAAP measure.

# Financial Overview



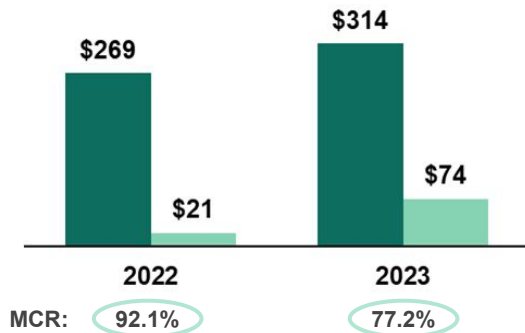
## Q2 & YTD 2023 Financial Performance: Insurance

In millions, except MCR

■ Revenue  
■ Gross Profit

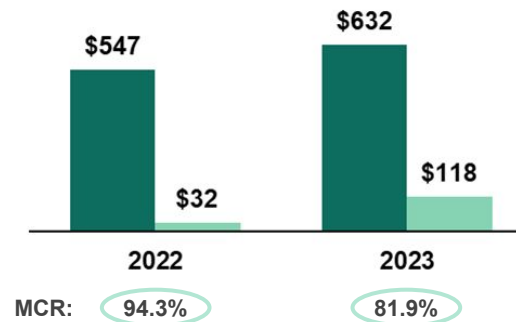
### Second Quarter

Revenue +17%  
MCR -1,490 bps



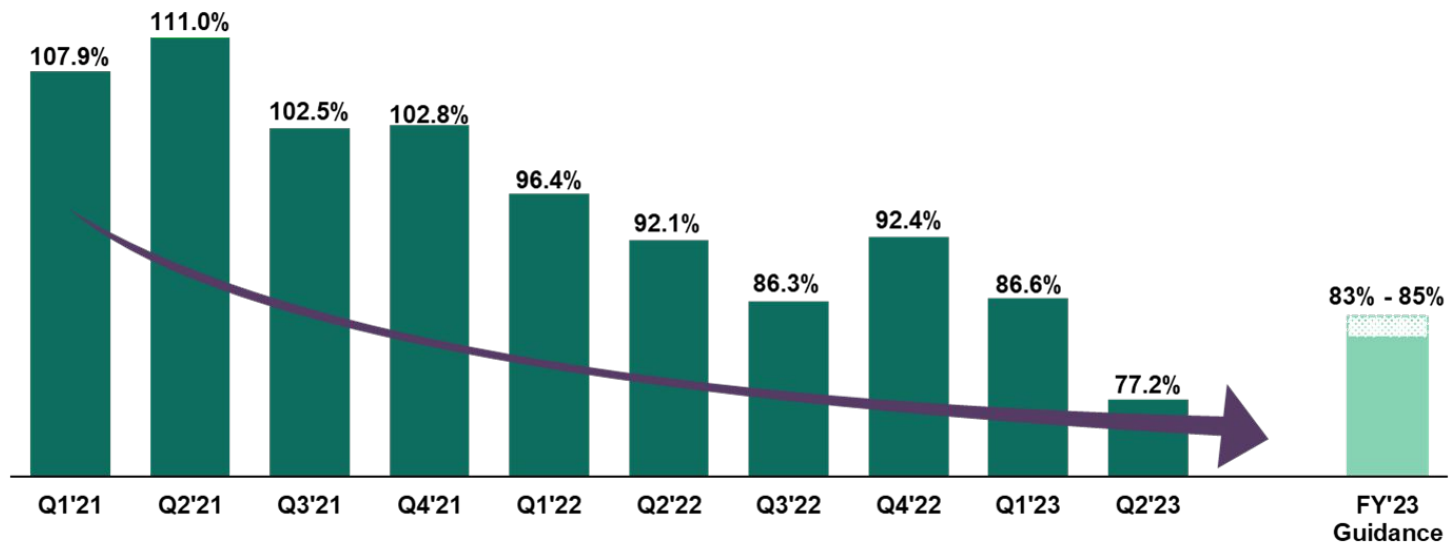
### Year-to-Date

Revenue +16%  
MCR -1,240 bps



- Q2 2023 revenue and MCR improvement driven by continued operational enhancements, a balanced plan design, clinical initiatives, and improved PPO Star rating

## Favorable Trend in Insurance MCR



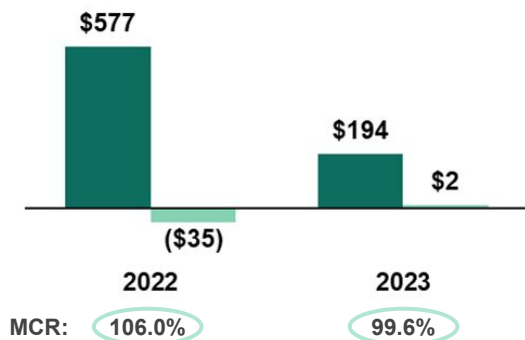
## Q2 & YTD 2023 Financial Performance: Non-Insurance

In millions, except MCR

■ Revenue  
■ Gross Profit

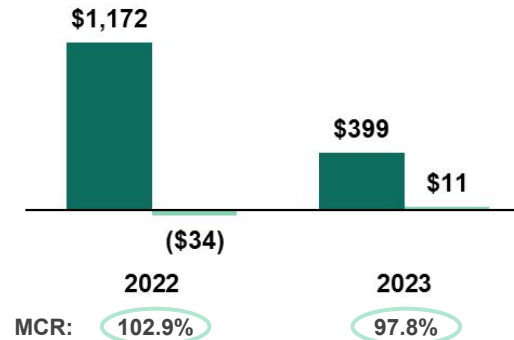
### Second Quarter

Revenue -67%  
MCR -640 bps



### Year-to-Date

Revenue -66%  
MCR -510 bps

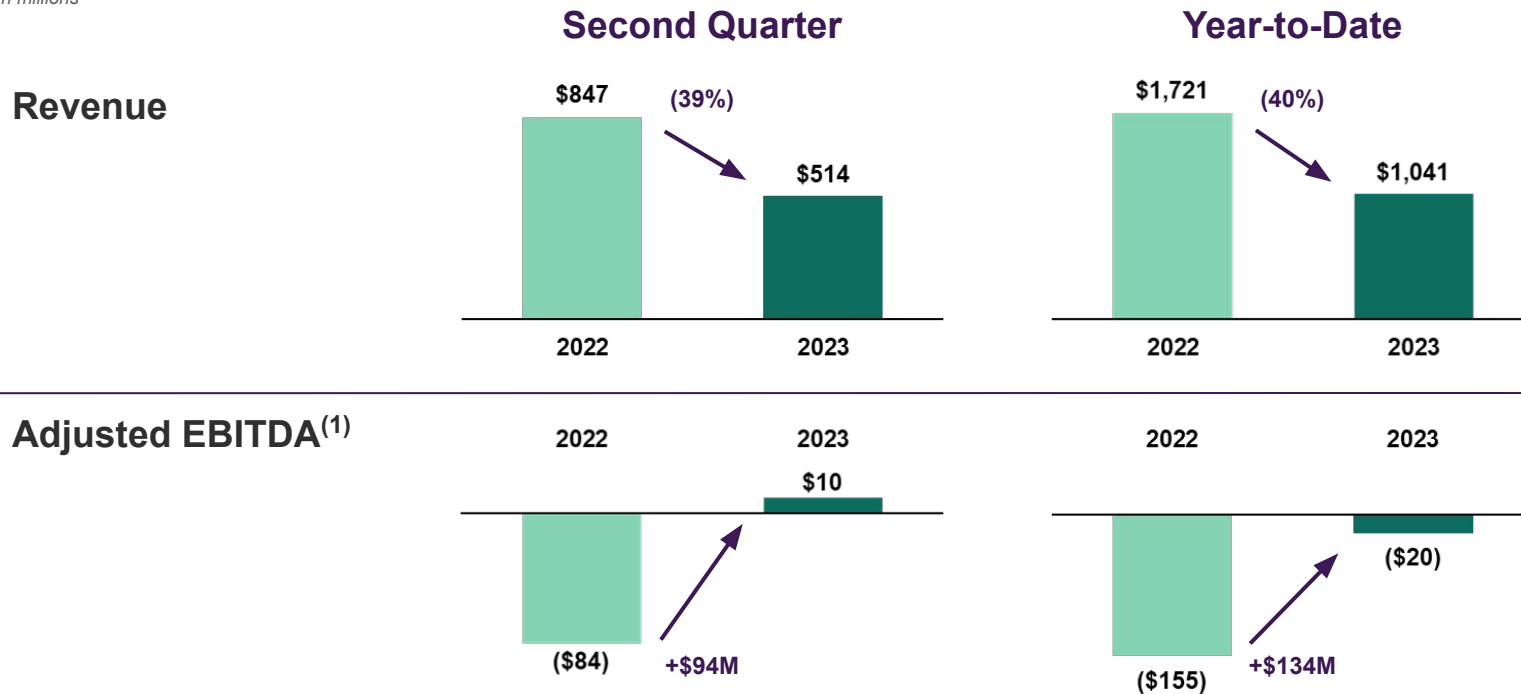


- Q2 2023 revenue decrease and MCR improvement driven by a narrower group of aligned beneficiaries as a result of our strategic focus on fewer participant providers



## Q2 & YTD 2023 Financial Performance: Consolidated

*In millions*



(1) Adjusted EBITDA is a non-GAAP financial measure. 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.

# 2023 Outlook

On the following slide, Clover Health presents an overview of its full-year 2023 outlook, including certain non-GAAP measures.



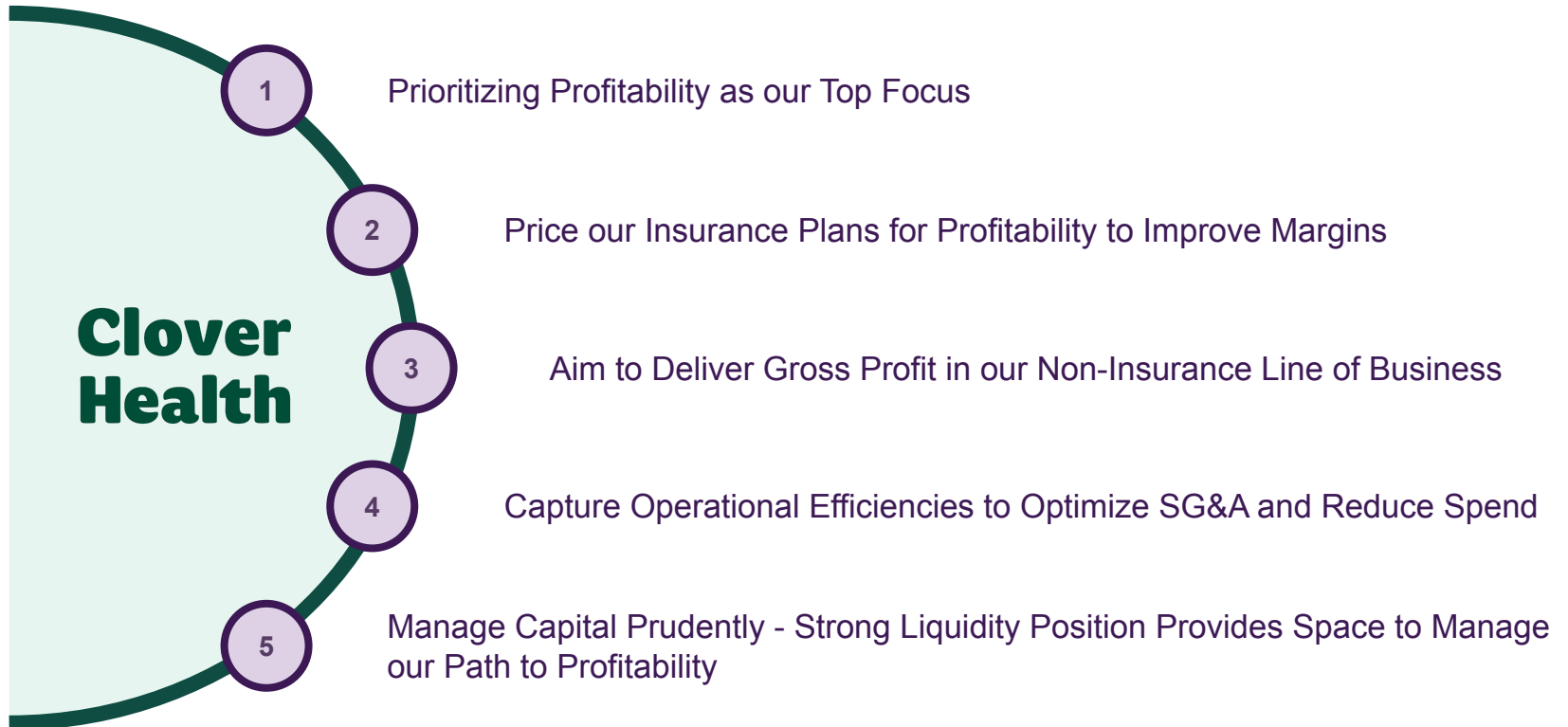
# Full-Year 2023 Outlook

	Prior Guidance (5/9/23)	Updated Guidance (8/8/23)
Total Revenue	\$1.93 billion - \$2.03 billion	\$1.95 billion - \$2.03 billion
Insurance Revenue	\$1.18 billion - \$1.23 billion	\$1.20 billion - \$1.23 billion
Insurance MCR	87% - 89%	83% - 85%
Non-Insurance Revenue	\$0.75 billion - \$0.80 billion	\$0.75 billion - \$0.80 billion
Non-Insurance MCR	98% - 100%	98% - 100%
Adjusted SG&A <sup>(1)</sup>	\$315 million - \$325 million	\$315 million - \$325 million
Adjusted EBITDA <sup>(1)</sup>	(\$125) million - (\$175) million	(\$70) million - (\$120) million

(1) Adjusted EBITDA and Adjusted SG&A are non-GAAP financial measures. As outlined in the Company's August 8, 2023 press release, Clover Health does not provide a reconciliation of the forward-looking Adjusted Salaries and Benefits plus General and Administrative Expenses and Adjusted EBITDA outlook to the most directly comparable GAAP measure, as this cannot be reasonably calculated or predicted at this time without unreasonable efforts.

## Our 2023 Goal: Shareholder Value

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**Clover Assistant**



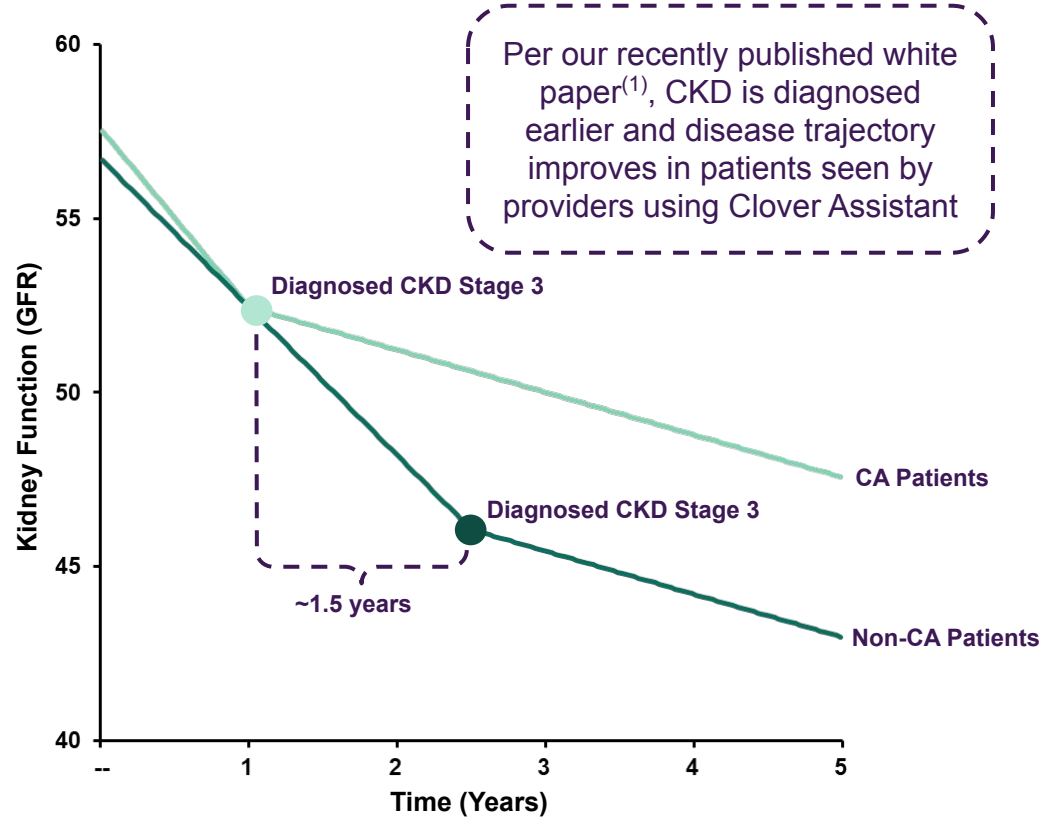
# Earlier Diagnosis Leads to Earlier Treatment

## Example: Chronic Kidney Disease

Chronic Kidney Disease  
GFR = 40.0

Does the patient have any of the following?

- Stage 1 (GFR > 90)
- Stage 2 (GFR 60-89)
- Stage 3 (GFR 30-59)
- Stage 4 (GFR 15-29)
- Stage 5 (GFR < 15)
- ESRD (on dialysis)



Note: Kidney Function measured via GFR (Glomerular Filtration Rate)

(1) "Clover Assistant Use and Diagnosis and Progression of Chronic Kidney Disease" [www.cloverhealth.com/clinicalcare/ckd](https://www.cloverhealth.com/clinicalcare/ckd)

# Appendix



## Non-GAAP Financial Measures

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

	<u>Three Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Net loss:	\$ (28,814)	\$ (104,362)
Adjustments		
Interest expense	7	390
Amortization of notes and securities discount	—	18
Depreciation and amortization	999	586
Gain on investment	—	1,227
Stock-based compensation expense	36,108	41,927
Premium deficiency reserve benefit	(5,138)	(27,476)
Restructuring costs	4,750	—
Non-recurring legal expenses and settlements	2,108	3,591
Expenses attributable to Seek Insurance Services, Inc.	—	224
Adjusted EBITDA (non-GAAP)	<u>\$ 10,020</u>	<u>\$ (83,875)</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  
(in thousands)<sup>(1)</sup>

	<b>Three Months Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Salaries and benefits	\$ 62,437	\$ 70,491
General and administrative expenses	42,433	47,040
<b>Total SG&amp;A</b>	<b>104,870</b>	<b>117,531</b>
Adjustments		
Stock-based compensation expense	(36,108)	(41,927)
Non-recurring legal expenses and settlements	(2,108)	(3,591)
Expenses attributable to Seek Insurance Services, Inc.	—	(224)
<b>Adjusted SG&amp;A (non-GAAP)</b>	<b>\$ 66,654</b>	<b>\$ 71,789</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

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We use non-GAAP measures including Adjusted EBITDA, and Adjusted SG&A. 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."