Ryan Schmidt, Investor Relations

Good afternoon, everyone. Joining me on our call today to discuss the company's third quarter 2026 results are Andrew Toy, Clover Health's Chief Executive Officer, and Clay Thornton, 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 our third quarter earnings call.

There is a lot to be excited about at Clover right now. We expect to deliver our first full year of GAAP Net Income profitability this year. Our flagship PPO continues to rank number one in the country on core HEDIS measures. Early AEP results are reinforcing the strength of our 2027 plan designs. And there is a meaningful 2027 earnings opportunity within our growing base of returning members.

All of this builds on a very strong 2026 foundation. Through the first nine months, we've grown membership by nearly 50% year-over-year, increased Consolidated Gross Profit by over $160 million dollars, more than doubled Adjusted EBITDA to $97 million dollars, and improved GAAP Net Income by nearly $100 million dollars, which we believe positions us to be GAAP profitable on a full-year basis in 2026, an important milestone for our business.

What's most important to me is what is driving our results. At Clover, we bring our health plan, clinically-focused AI technology, and financial approach together in one model. Clover Assistant improves care across a broad physician network. Our full-risk structure lets us retain the entire upside value as members stay and cohorts mature. And our focused growth strategy lets us scale with discipline. We believe that is why our model is working today and getting stronger as we grow.

Now, let's shift to discussing Stars.

We are incredibly proud that our flagship PPO plan achieved 5 Stars for Payment Year 2028, making it the largest 5 Star PPO contract in the country. Additionally, our HMO plan achieved 4.5 Stars, meaning 100% of Clover members are enrolled in plans rated at least 4.5 Stars for Payment Year 2028.

These Star ratings give us continued flexibility to invest in the benefits and affordable access to care that matter most to our members.

Underlying this result, our HEDIS quality performance remains industry leading. As we've explained before, this matters because CMS uses HEDIS measures to assess aspects of care quality, including preventive screenings and management of health issues such as diabetes, cancer, and heart disease. And that is why we're proud that for the third year in a row, we rank number one nationally among comparable PPO plans on core HEDIS measures.

At the same time, we have not built Clover around optimizing to Stars ratings. We are built to manage true clinical quality and total cost of care.

That distinction matters. Clover Assistant empowers physicians to identify disease earlier and proactively manage chronic conditions, and our full-risk model allows us to retain the economic benefit of that care over time. The clinical impact of CA is demonstrated in our published whitepapers, and the financial impact can be seen in our total cost of care.

These outcomes reinforce one another. Deeper CA engagement drives better clinical care and strengthens cohort economics over time, strong Stars create more flexibility to invest in member value and support growth and retention, and our full-risk approach allows us to retain the resulting improvement in member lifetime value.

We believe our 2027 plan designs reflect this compounding advantage.

We approached 2027 with a disciplined product strategy centered on physician choice, access to affordable routine-care, and sustainable unit economics.

Our care model works best when members can engage with their physicians with minimal financial barriers. This is why our plans preserve wide-network PPO choice, $0 primary-care access, low specialist copays, broad $0-premium options, and some of the lowest Part D deductibles in our markets.

We are also seeing the AEP market dynamics that we anticipated now playing out in our markets. There are plan exits, fewer PPO options, and broader benefit repricing, reinforcing the importance of our disciplined approach to plan design.

While AEP remains underway we are not providing formal 2027 guidance, but we feel good about what we are seeing so far. AEP is tracking as expected, and we believe our superior product positioning in our core markets supports another strong year of growth. With high

retention and CA-powered cohort maturation, we believe 2027 will be another important step forward.

This is distinctively Clover: an AI-powered model where growth, better care, and strong profitable economics compound together in Medicare Advantage. Our 2027 products are designed to extend that advantage as we scale.

One of the leading indicators we watch closely is Clover Assistant coverage. The more members we reach through CA, the more opportunity we have to drive better care and stronger economics over time. Importantly, CA coverage has accelerated through the second half of 2026 and is now running ahead of last year's pace.

Counterpart takes that same model beyond Clover. Our nation-leading HEDIS performance and strong financial results continue to resonate with partners as we prove out the model in third-party environments. At the same time, we are making strong progress toward our goal of serving as many people through Counterpart as we do through our growing Clover plans.

Overall, we are excited about what comes next and I look forward to updating you along the way. Before I turn it over to Clay who will walk through our third quarter financial performance and improved guidance, I'm pleased to share that our Board has appointed him Chief Financial Officer. Clay has been a terrific partner through his time as interim CFO, and I've really enjoyed working alongside him. I've greatly valued his judgment and leadership, and I look forward to continuing our partnership as we build on Clover's progress. Clay, over to you.

Clay Thornton, Chief Financial Officer

Thank you, Andrew, the last several months have been a great experience. I appreciate the confidence you and the Board have placed in me, and I'm grateful for the opportunity to continue serving Clover in this role. I'm excited to build on the progress we've made and help bring our care model to more seniors.

Now, let's turn to the third quarter results.

Andrew outlined the strategy. I'll focus on the financial results and why we see a growing earnings opportunity across 2027 and 2028.

Through the first nine months of 2026, average Medicare Advantage membership grew 49% year-over-year to approximately 157,000 members. Total Revenue increased 57% to approximately $2.3 billion, and Consolidated Gross Profit grew by $161 million to $442 million.

Adjusted EBITDA more than doubled to $97 million, while GAAP Net Income increased by $98 million to $62 million.

We are delivering this earnings growth while a substantial portion of our membership remains early in its Clover lifecycle. We are improving profitability while building a larger base of members whose economics we expect to strengthen over time.

For the third quarter, Total Revenue was $759 million, up 53% year-over-year, and Consolidated Gross Profit was $130 million, up 77%. Adjusted EBITDA was $16 million, compared to $2 million a year ago. GAAP Net Income was $6 million, compared to a $24 million loss in the third quarter last year.

These results included approximately $11 million of Other Income, which partially benefited from a $4 million favorable investment valuation adjustment.

The medical-cost picture remains consistent with the themes we have discussed throughout the year.

Inpatient utilization continues to trend favorably year-over-year across the membership. Our Year 1 cohort remains broadly stable, while returning cohorts are performing in line with expectations.

As we've discussed previously, favorable inpatient trends can be accompanied by higher utilization in outpatient settings. That remains consistent with what we're seeing today, with outpatient utilization elevated year-over-year, but in-line with our initial outlook.

Our Part D performance is better than anticipated and remains a positive year-over-year contributor.

Alongside our medical cost trend, our focus remains on cohort progression. Our large 2025 and 2026 join-year populations are developing in line with our projections, and we are also seeing year over year Gross Profit improvement across cohorts at each stage of their Clover lifecycle.

That combination is important. Continued progress in the members already under our care, while we integrate a substantially larger new-member population.

Turning next to SG&A. Adjusted SG&A was $114 million in the quarter and $345 million year-to-date. Our Adjusted SG&A as a percentage of Total revenues is approximately 15% year-to-date and has improved 120 basis points from last year. For the full year, we expect to deliver an Adjusted SG&A ratio improvement at or above our original target of 100 to 150 basis points.

We are realizing fixed-cost leverage while continuing to invest in Clover Assistant, clinical capabilities, Counterpart Health, and core insurance operations. These investments are designed to improve member economics and allow us to support a larger business more efficiently.

Our balance sheet also continues to strengthen. We ended the quarter with approximately $513 million of cash, cash equivalents, and investments, and no debt outstanding. Cash flow from operations totaled $203 million through September.

We believe that liquidity and cash generation will support our ability to self-fund expected growth, meet regulatory-capital needs, and further invest in the business.

Now to our full-year outlook. We are raising the low end of guidance across every metric while maintaining the high end of each range. We now expect:

- Average Medicare Advantage membership of 157,000 to 158,000 members;
- Total Revenue of $2.97 billion to $3.00 billion dollars;
- Consolidated Gross Profit of $540 million to $555 million dollars;
- Adjusted EBITDA of $75 million to $85 million dollars; and
- GAAP Net Income of $25 million to $35 million dollars.

These narrower ranges reflect our progress through nine months and increased confidence in delivering our full-year outlook.

The fourth-quarter shape remains consistent with our prior outlook: lower Consolidated Gross Profit from normal medical-cost seasonality, alongside higher SG&A as planned AEP investments increase. Those factors produce the seasonal Adjusted EBITDA loss already contemplated in our guidance.

With the performance we have delivered to date and our updated guidance, we expect 2026 to mark Clover’s first full year of GAAP Net Income profitability.

Looking ahead to 2027, we are encouraged by early AEP activity and our 2027 competitive position. As Andrew discussed, we anticipated further disruption among Medicare Advantage PPO offerings, and we are seeing that play out. We remain committed to broad PPO access and reducing barriers to preventive care, with thoughtful 2027 plan designs that we believe position us to balance sustainable economics and growth as many competitors continue to pull back.

While we're not providing formal guidance today, we believe we're well positioned for another strong year of membership growth, with significant opportunity to deepen our presence within our core markets of New Jersey and Georgia.

But we believe our earnings opportunity extends well beyond adding new members. We see two key drivers of earnings expansion in 2027: continued cohort maturation under Clover Assistant and greater operating leverage as we scale.

And importantly, a substantial part of that opportunity is already within our existing membership base.

Our 2025 and 2026 cohorts together represent approximately half of our current membership. Next year, the 2025 cohort enters Year 3, while the 2026 cohort enters Year 2. Our historical data shows why that progression matters. Insurance gross profit per member per month has been approximately $70 higher in Year 2 than in Year 1, and approximately $85 higher in Year 3 than in Year 2.

We are seeing that progression in our results today. Our 2025 cohort is delivering stronger economics in its second year, and both large populations continue to develop in line with expectations.

And as Andrew mentioned, we also have an encouraging leading indicator in Clover Assistant coverage, which has accelerated during the second half of 2026 and is now tracking ahead of where we stood at the same point in time last year. That increasing clinical engagement strengthens our confidence in cohort maturation heading into 2027.

To bring the clinical impact of those metrics to life, we've added a new slide to our supplemental deck highlighting examples of how Clover Assistant is generating life-changing patient outcomes. Those outcomes are at the heart of how we drive better clinical quality and lower total cost of care over time.

As we retain these members and deepen their engagement with our care model, we also expect their economics to improve. Because we operate at full risk rather than delegate risk downstream, improvements in total cost of care directly benefit Clover.

Alongside cohort maturation, we expect operating leverage to provide a second source of earnings expansion. We do not view our current SG&A ratio as the mature-state profile of this business. Here, the opportunity comes from both spreading our existing fixed costs across a larger business and reducing variable administrative expenses over time.

We have a meaningful fixed-cost base supporting the business today. As membership and revenue grow, we expect to spread those costs across a larger base, supporting further improvement in our SG&A ratio.

At the same time, we are increasingly applying AI to health-plan operations that were largely built in a pre-AI world. The opportunity is to improve the work happening behind the scenes while delivering a better member experience and reducing variable administrative costs as we scale.

Together, we believe cohort maturation and operating leverage give us a strong foundation for meaningful earnings expansion in 2027.

But the opportunity does not stop there. The growth of the past two years is building the earnings base for the next two. In 2028, we believe the same drivers can operate across an even larger base of mature members.

Our 2025 cohort will be in Year 4, our 2026 cohort in Year 3, and with the strong membership growth we expect in 2027, a third large cohort would enter Year 2. That sets us up for three large cohorts progressing through more economically mature years at the same time, alongside further opportunities for operating efficiency.

This is why our 5 Star PPO rating for Payment Year 2028 is so important financially. It supports our ability to maintain competitive plan designs and retain members into 2028, as more of our membership progresses into economically mature years.

Cohort maturation and operating leverage build the earnings opportunity. Stars continuity gives us a stronger framework in which to realize it.

We are not providing formal guidance for 2027 or 2028 today. But we see a clearly defined two-year opportunity: meaningful earnings expansion in 2027, supported by a broader base of maturing members and momentum into 2028.

Our immediate focus is finishing 2026 well and planning to deliver our first full year of GAAP Net Income profitability. Beyond that, the objective is to translate the growth and investments of the past two years into sustained earnings expansion over the next two.

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

Andrew Toy, Chief Executive Officer

Thanks, Clay.

In 2026 we have demonstrated how market-leading growth and increasing profitability can happen together in Medicare Advantage. We believe that the next chapter for Clover is proving that our model can scale further, with growth and profitability reinforcing one another as we expand deeper into both our core markets as well as new ones.

And AI is a significant part of how we scale, making care better, service smarter, and the health plan more efficient as we grow.

Critically, we believe that AI has reset the playing field in health-plan operations. Even relatively modern systems and workflows built for a pre-AI world can now be rebuilt faster with AI, accelerated with better data and utilize far more intelligence. We are taking advantage of this by applying AI across Clover to make the plan much more efficient to operate as we scale.

AI also creates an opportunity to deliver a much better service experience. For seniors, that means informed, responsive and personal support, powered by better data. From AI welcome calls engaging new members earlier, to chat based scheduling and visit routing for our Clover Care Services division, we are bringing AI to all parts of the Clover stack.

Most importantly, we believe AI powers better care. Clover Assistant helps physicians identify disease earlier, surfaces important treatment gaps and medication-related risks, identifies diagnoses that might otherwise be missed, and turns years of fragmented medical history into actionable information at the point of care. That is the opportunity we see across Clover: not simply using AI to do the same work at lower cost, but using it to deliver better care, better service, and better operations at scale.

With that operator, we would be happy to open the call for questions.

[Q&A]

Andrew Toy, Chief Executive Officer

Alright, well thank you again to everybody for joining us today, and for the thoughtful questions. We appreciate everyone's continued interest in Clover, and we look forward to updating you all on our full-year results next quarter. Thank you so much.