

Ryan Schmidt, Investor Relations

Good afternoon, everyone. Joining me on our call today to discuss the company's first quarter 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

Alright everyone, thanks for joining us today! I'm excited to dive into our first quarter 2025 results. We've been working hard at Clover, and it's really showing in our Medicare Advantage performance and overall business growth. Let's break down what we've accomplished and why it matters.

First, let's talk about MA plan growth where we're doing very well. We've seen some significant numbers this quarter. We're looking at a 30% jump in MA membership, 33% growth in our revenue, and a whopping 279% increase in Adjusted EBITDA year over year. That's not just numbers on a page; that's real momentum. And what's driving this? It's our focus on getting people the right healthcare, right when they need it. Earlier, higher quality, and critically more affordable. This isn't just about growth for growth's sake; it's about making a real difference in people's lives by lowering barriers in care, whether it be by reducing out of pocket costs, or delivering care to them right in their homes. We even released a new white paper last week showing how Clover Assistant helps better manage Congestive Heart Failure, leading to better care and fewer hospital visits. That's the kind of impact we're aiming for.

Next up, let's discuss our confidence in the rest of the year. This quarter's performance really reinforces that we're on the right track to hit our full-year 2025 goals and improved guidance. We had a strong enrollment season, and those new members are utilizing care at expected levels. That's key. We're planning to keep this momentum going throughout the year. But what's

most important? It's how we're taking care of these new members. We're using Clover Assistant to power their primary care, making sure they get the best health outcomes and the most efficient care. This isn't just about enrolling more seniors; it's about making sure we look after them in the right way.

Now, let's talk about how we're managing things behind the scenes. Our Part C and Part D utilization costs are both tracking as expected. We are also navigating the HCC v28 phase-in smoothly with Clover Assistant. Why is this important? Because it shows our technology-first care model is adaptable and can handle changes in the industry. We're not just reacting; we're staying ahead of the curve, making sure our members get better care management. That's a huge advantage for us.

A big part of our confidence comes from our control of our care model. Whether in the wide PPO network with PCPs using Clover Assistant or via Home Care in our Clover Care Services division, care is what we do. Speaking of Clover Care Services, our mission is simple: to deliver additional support to Clover members when and where they need it. Every Clover member is eligible for a personalized in-home Clover Care Visit, and coordinated care services tailored to their health journey. We work closely with Clover Assistant-using physicians to identify members needing support and deliver that support directly to them. For example, our "Welcome Home" Clover Care Visit helps members transition from hospital inpatient stays. For members with the highest needs, we offer a comprehensive in-home care program, focused on palliative and advanced illness support. These services drive strong performance for our health plan and provide tailored, personalized care for our Clover members.

We're also pleased about the recent CMS final rate notice for 2026. It's a positive for us and will add to our momentum, especially with our 4-Star PPO plan coming next year. But let's be clear: our real strength is in our architecture and in our operations. It's in our innovative care model, our wide networks, and the clinical and financial results we get from Clover Assistant. I've spoken about this before and I want to emphasize that we would feel good no matter what the rate notice was. That's because we're not just relying on favorable rates; we're building a solid foundation for long-term success.

Looking ahead, we see even more growth and profitability coming in 2026 and beyond. This isn't just wishful thinking. It's based on our strategy of expanding Clover Assistant's reach, managing our members with personalized care, and the financial boost we'll get from our 4 Star rating. It's too early to talk about bid specifics right now, but our intention is to keep building a growth flywheel, and we expect it to start spinning much faster as we go into next year.

And for areas where we don't have an MA plan, we're pushing forward with Counterpart Health. We're seeing a great opportunity here to partner with others and bring Clover Assistant to even more people. We're already working with several partners, and we have more in the pipeline. Organizations are seeing the value of Counterpart Assistant in improving care and managing costs. And we believe this is a big area of growth for us. To support this growing deal flow, we are actively taking steps to add implementation resources to ensure successful onboarding and

integration for our partners. I'm excited about traction in this area, and I think the opportunity to bring CA to many people served by other MA plans is a very real one.

Finally, I want to highlight the real-world impact of Clover Assistant. Our research shows that doctors using Clover Assistant diagnose Chronic Kidney Disease and Diabetes earlier. And we just released our latest paper on Congestive Heart Failure showing that Clover Assistant usage is associated with better care, fewer hospitalizations, and fewer readmissions related to CHF. Heart failure is a huge issue, and we're making a real difference. We're giving our doctors the tools they need to provide better care, and it's showing in the results.

So, to sum it up, we've had a fantastic start to 2025. Our approach, powered by Clover Assistant and our home care program, is driving strong growth in membership, revenue, and Adjusted EBITDA. We're confident in our 2025 goals and excited about our future.

Now, I'll hand it over to Peter for the financial update.

Peter Kuipers, Chief Financial Officer

Thank you Andrew. First let's start with the results and then I will cover the drivers in more detail.

I am very pleased with our strong first quarter performance where we have delivered a combination of 30% membership growth and 33% total revenue growth, while growing Adjusted EBITDA by 279% and Adjusted Net Income by 322% year over year.

We are executing very well against our strategy. Let's now move into the drivers.

Starting with membership and revenue. Insurance revenue grew by 34% year over year, to \$457 million dollars, driven by 30% Medicare Advantage membership growth from strong AEP and OEP enrollment seasons. Member retention was also strong during both the AEP and OEP season.

Our first quarter results give us conviction in our new member cohort management strategy. Similar to AEP, the majority of our OEP growth occurred in our core New Jersey markets where we have a strong Clover Assistant network presence.

During the quarter new members were effectively onboarded and our results demonstrate strong management of both our new member and profitable returning member cohorts with performance in line with expectations. This is reflective of our pricing discipline, geographic growth strategy, and our efforts to proactively engage with new members via Clover Assistant powered primary care.

Given our experience over the last number of years we have strong conviction that the unit economics for our new member cohort will improve, as we have seen on average a more than a

700 basis point improvement in loss ratios between year 1 and year 2 cohorts, and an approximate 1,500 basis point improvement between year 1 and year 3 cohort members. This demonstrates the effectiveness of our model over the long-term by providing earlier and better care management at a lower total cost of care.

Overall, we are confident that our medical costs are in line with expectations. We experienced elevated inpatient utilization in January from an uptick in lower intensity care, related to a later cold and flu season. However, trends quickly normalized starting in February and continued through March. Operationally, we continuously perform checks into our data and metrics via prior authorizations, weekly claims, and real-time Clover Assistant insights from provider interactions to identify patterns in our utilization.

Focusing next on SG&A. I am pleased with the operating leverage that we are demonstrating. This quarter, Adjusted SG&A as a percentage of total revenue decreased to 18% of revenue representing an improvement or decrease of 360 basis points year over year while absorbing the increased growth and variable costs associated with higher membership and our continued strategic quality investments into our business.

Our profitability metrics are strong:

- GAAP Net Loss during the first quarter of 2025 improved by \$18 million dollars year over year to a loss of \$1 million dollars;
- First quarter 2025 Adjusted EBITDA improved by 279% to a profit of \$26 million dollars;
- Similarly, Adjusted Net Income grew by 322% year over year to a profit of \$25 million dollars.

Lastly, Insurance BER for the first quarter 2025 was 86.1%, which represents a modest increase year over year, but importantly is in line with our expectations and consistent with our full-year 2025 guidance given seasonality. We also note that one driver of the year-over-year increase in Insurance BER was the implementation of our CA-enabled affiliate entity within our operating structure, which the plan now employs to engage providers directly and better service our health plan and membership in New Jersey. The goal of this entity is to drive higher quality and better health outcomes for our members via better care coordination services, unified care management and a deeper focus on our partnerships with local physicians.

Overall, we're proud of our strong results this quarter. As we look ahead to the rest of the year, please note that we expect typical Medicare Advantage seasonality trends, in the form of higher utilization levels in the back half of the year, with more of an impact in the fourth quarter of the year as is typical. That said, this is simply seasonality. Our first quarter performance reinforces our conviction in our improved 2025 guidance, which I will cover later in this call.

Turning next to the balance sheet. We are pleased to announce that during the first quarter we have successfully repurchased 5 million shares of common stock, making up the remaining \$18 million dollars authorized under our buyback program announced in May of last year. This

strategic decision reflects our confidence in the Company's long term value and the strength of our balance sheet.

We ended the first quarter of 2025 with cash, cash equivalents, and investments totaling \$391 million dollars on a consolidated basis, with \$126 million dollars at the parent entity and unregulated subsidiary level. Our unregulated cash was impacted by various working capital and timing dynamics, as well as the stock buyback program. We're confident that this balance will increase throughout the year, allowing us to operate from a position of strength as we invest in our growth model.

During the first quarter of 2025, cash flow used in operating activities was \$16 million dollars, and was similarly impacted by working capital and timing-related dynamics. That said, given our business momentum we continue to expect to be on pace to generate strong cash flow from operating activities for the full year.

Days in claims payable was 37 days as of March 31, 2025, representing a decrease of 22 days sequentially. This reflects the normalization of our claims inventory and timeliness of claims payments to historical levels. If you recall at this time last year, we were *simultaneously* navigating the industry-wide Change Healthcare incident as well as the transition to our back-office BPaaS Medicare Advantage ecosystem. We are pleased to report the successful conclusion of this, and expect our claims payment patterns to now be at typical go-forward ranges.

For our full-year 2025 guidance, we believe that we are well positioned to accomplish our goals this year and are providing the following guidance update:

- We are reconfirming our Medicare Advantage membership to average between 103,000 - 107,000 members, reflecting a 30% growth year over year at the midpoint and continued intra-year growth through the SEP periods in 2025, all driven by our robust plan benefits, competitive positioning, and our 4 Star rating.
- We are also reconfirming our Insurance revenue of between \$1 billion \$800 million dollars and \$1 billion \$875 million dollars, reflecting year over year growth of 37% at the midpoint of the range. In tandem with our membership growth expectations, we anticipate more revenue in the second half of the year, as compared to the first half, unlike historical patterns.
- We are reconfirming our Adjusted SG&A guidance to be between \$355 million dollars and \$365 million dollars. This represents Adjusted SG&A as a percentage of total revenue of 19% to 20%, and is an approximate 200 basis point decrease, or improvement, year over year at the midpoint of the range.
- We are increasing our 2025 Adjusted EBITDA guidance to now be between \$50 million dollars and \$70 million dollars.
- Similarly we also are increasing our 2025 Adjusted Net income guide to now be between \$50 million dollars and \$70 million dollars.
- Lastly, we continue to expect Insurance BER to be within a range of 87% to 88%.

In totality, as Andrew mentioned, we delivered strong results and a very strong start to the year. Throughout the remainder of 2025, we look forward to continuing to balance our strong profitability profile via exceptional cohort management, together with our strategic investments in new membership growth, Clover Assistant technology, and expanding both our Clover Home Care services and Counterpart Health go-to-market strategy. As such, we have increased conviction in our improved full-year 2025 guidance, and we believe that we are very well-positioned for accelerated growth and profitability in the future. Looking forward:

- First, we will continue to invest in growth and expanding Clover Assistant technology and reach to better manage our new and returning member cohorts;
- Second, we believe that we are very well positioned with tailwinds going into 2026 due to an increase to a 4 Star payment year in 2026;
- Third, we expect a compounding favorable impact from the recent CMS final rate notice, which is additive to the impact of the improved 4 Star rating;
- Fourth, we expect the unit economics of our large new cohort of membership added in 2025 to significantly improve into 2026 and beyond, as well as continued maturation of our broader returning member cohorts;
- Lastly, we believe that there will be a continued impact from our efforts to gain operating leverage.

With that, let me now turn the call back to Andrew for closing comments.

Andrew Toy, Chief Executive Officer

Thanks Peter. In conclusion, we are incredibly proud of our strong start to 2025.

These first quarter results clearly demonstrate our ability to meaningfully grow membership, expand profitability, and execute our strategic plan effectively. Our differentiated model, powered by Clover Assistant and our clinically-focused home care platform, is delivering tangible value and better clinical outcomes, driving our strong Medicare Advantage performance.

We are confident in our improved full-year 2025 guidance and are strategically investing in our growth model, managing our new and returning member cohorts, and expanding Clover Assistant's reach. These efforts are not only enhancing our current position but also positioning us for accelerated growth and profitability in the future. We remain excited about Clover's trajectory and are committed to driving long-term value for our members and shareholders alike.

With that, let's open it up for questions.

[Q&A]

Andrew Toy, Chief Executive Officer

Alright, thank you all again for joining us today and for the thoughtful questions. We appreciate your interest in Clover and look forward to updating you more in our next call. Have a great evening everyone, thank you.