

Clover Health

Third Quarter 2023 - Earnings Results



Disclaimer

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"), including, without limitation, our expectations regarding targeted revenue and MCRs, 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 under Item 1A. "Risk Factors" in the Company's most recent Annual Report on Form 10-K, filed with the Securities and Exchange Commission (the "SEC") on March 1, 2023, as such risk factors may be amended or updated in our subsequent 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, 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



Andrew Toy
Chief Executive Officer



Scott Leffler
Chief Financial Officer

Q3 2023 and Recent Highlights

Business Update

- Company progressing well on path to profitability with durable 2023 YTD performance
- Strong results continue to highlight increasing impact from Clover Assistant and maturing operations
- UST HealthProof transition actively underway, positioning Company to realize benefits in 2024
- Revised full-year 2023 guidance now reflects Insurance MCR of 81% - 82% and Adjusted EBITDA of (\$55mm) - (\$80mm)

Significantly Improved Q3 Performance

- Insurance MCR of 78.5% for Q3 on 12% revenue growth; YTD MCR of 80.8% on 15% revenue growth
- Non-Insurance MCR of 104.1% for Q3; YTD MCR of 99.7%
- Net Loss of (\$41.5mm) in Q3, an improvement of \$34.0mm as compared to Q3 2022
- Adjusted EBITDA⁽¹⁾ of (\$5.1mm) in Q3, as compared to (\$55.5mm) in Q3 2022; 2023 YTD Adj. EBITDA of (\$25.6mm), as compared to (\$210.4mm) for 2022 YTD
- Adjusted SG&A⁽²⁾ of \$68.2mm in Q3, a reduction of 6% compared to Q3 2022

Capital & Liquidity

- Consolidated restricted and unrestricted cash, cash equivalents, and investments was \$672mm at September 30, 2023
- Parent entity and unregulated subsidiaries' restricted and unrestricted cash, cash equivalents, and investments was \$308mm at September 30, 2023
- Liquidity position sufficient for expected 2023 operating needs and increasing line of sight to Adjusted EBITDA profitability for full-year 2024 without the need for additional capital

(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, 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.

(2) 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.

Financial Overview



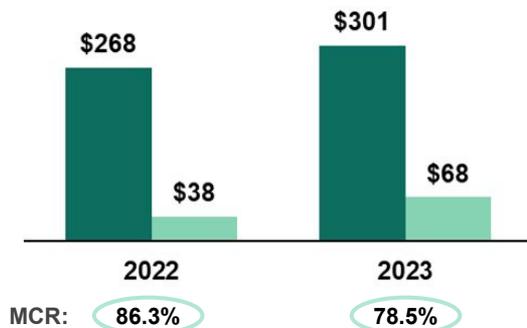
Q3 & YTD 2023 Financial Performance: Insurance

In millions, except MCR

■ Revenue
■ Gross Profit

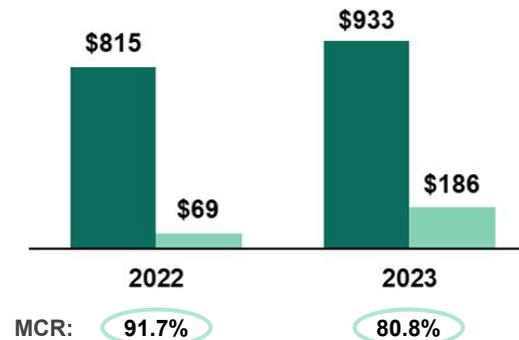
Third Quarter

Revenue +12%
MCR -780 bps



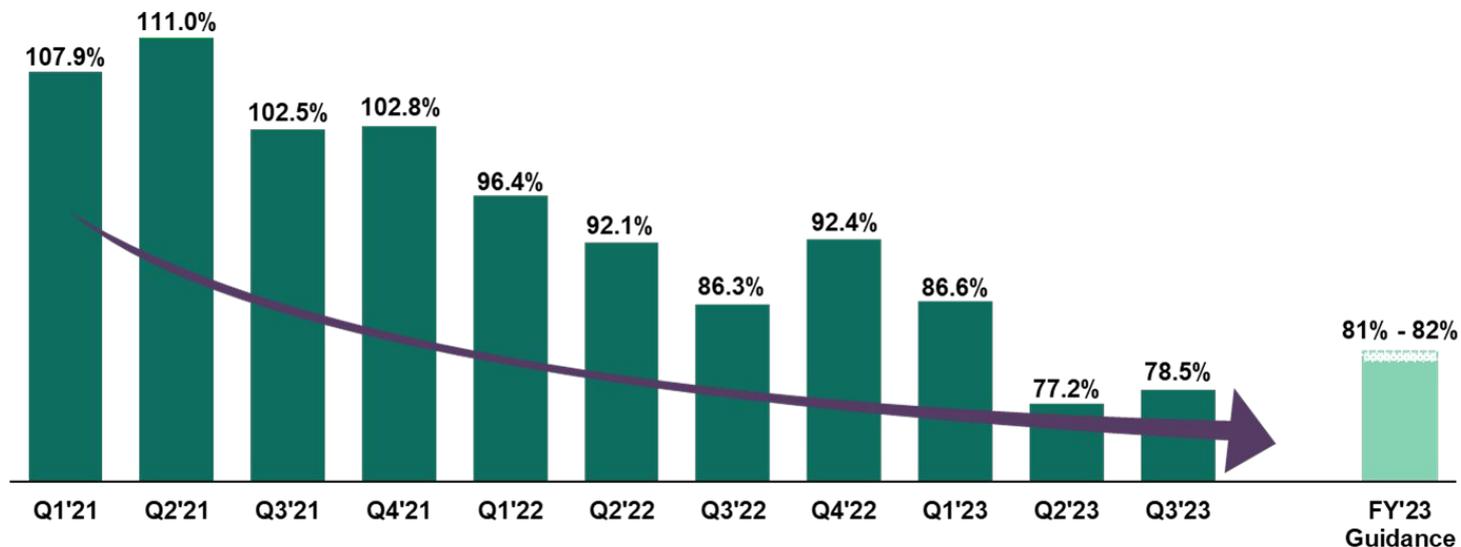
Year-to-Date

Revenue +15%
MCR -1,090 bps



- Q3 2023 revenue and MCR performance driven by continued operational enhancements, a balanced plan design, clinical initiatives, Clover Assistant impact and improved PPO Star rating

Favorable Trend in Insurance MCR



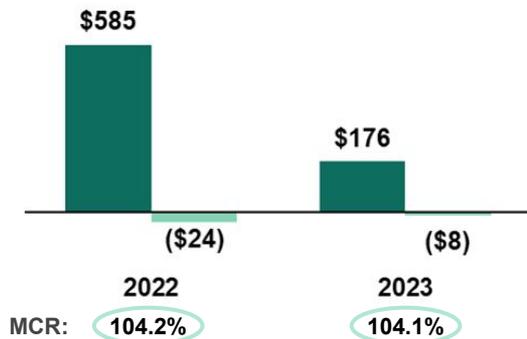
Q3 & YTD 2023 Financial Performance: Non-Insurance

In millions, except MCR

■ Revenue
■ Gross Profit

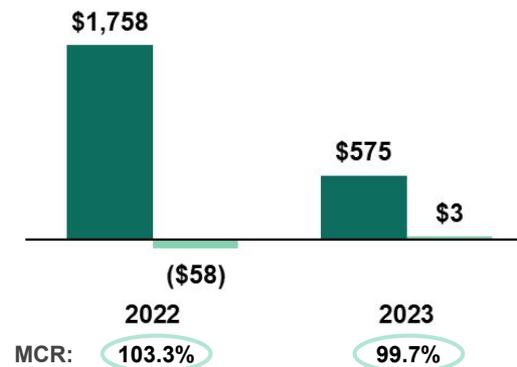
Third Quarter

Revenue -70%
MCR -10 bps



Year-to-Date

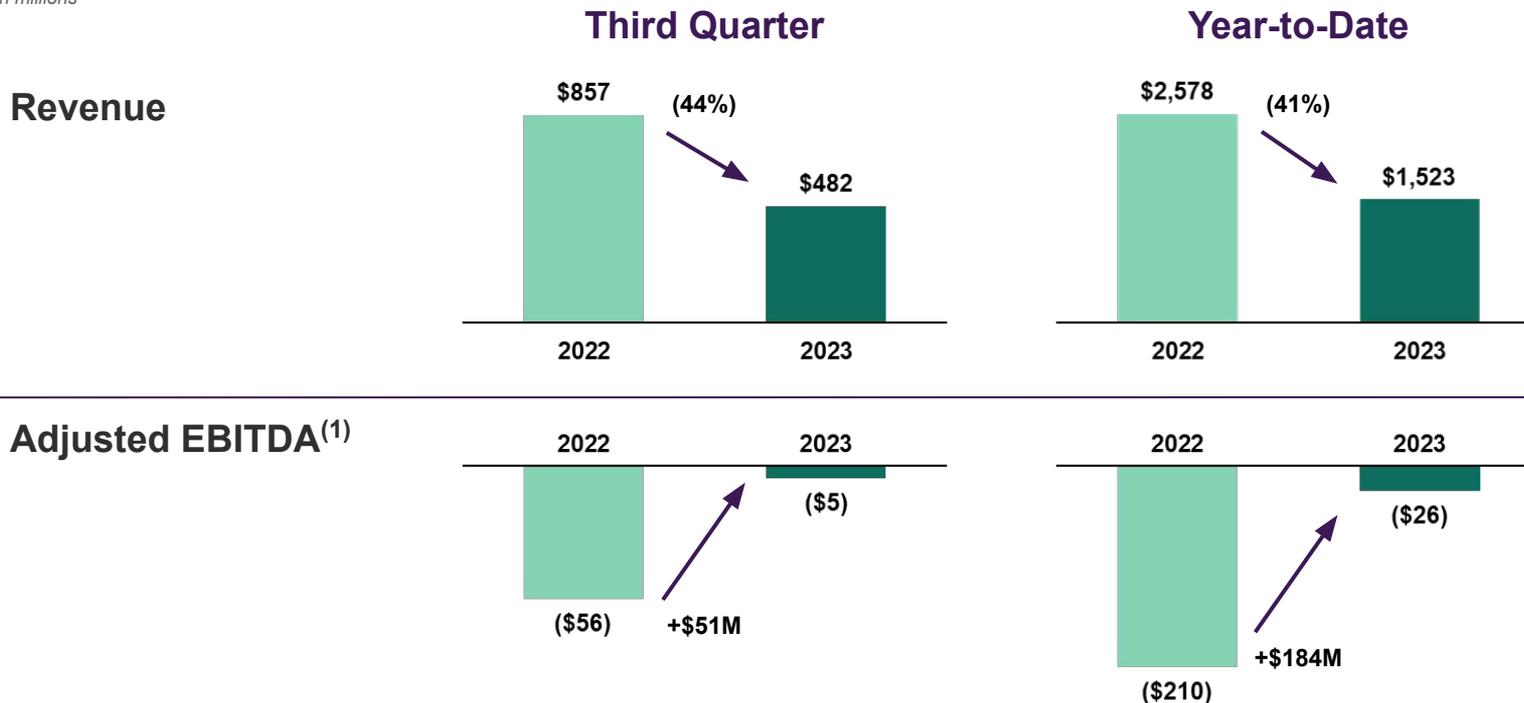
Revenue -67%
MCR -360 bps



- Q3 2023 revenue decrease driven by a narrower group of aligned beneficiaries as a result of our strategic focus on fewer participant providers

Q3 & 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.

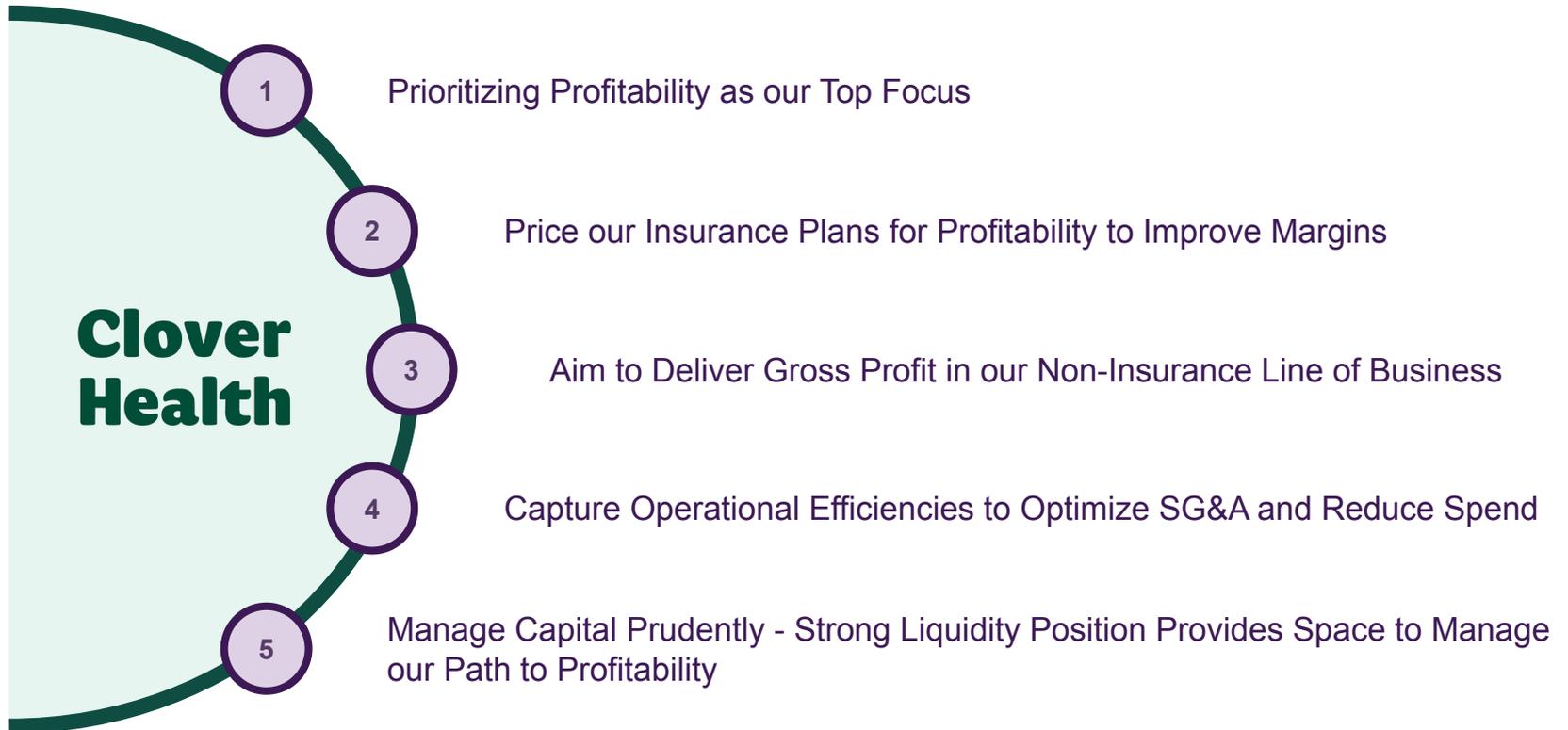


Full-Year 2023 Outlook

	Prior Guidance (8/8/23)	Updated Guidance (11/6/23)
Total Revenue	\$1.95 billion - \$2.03 billion	\$1.96 billion - \$2.03 billion
Insurance Revenue	\$1.20 billion - \$1.23 billion	\$1.21 billion - \$1.23 billion
Insurance MCR	83% - 85%	81% - 82%
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 ⁽¹⁾	\$315 million - \$325 million	\$310 million - \$315 million
Adjusted EBITDA ⁽¹⁾	(\$70) million - (\$120) million	(\$55) million - (\$80) million

(1) Adjusted EBITDA and Adjusted SG&A are non-GAAP financial measures. As outlined in the Company's November 6, 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



Appendix



Non-GAAP Financial Measures

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

	Three Months Ended September 30,	
	2023	2022
Net loss:	\$ (41,469)	\$ (75,489)
Adjustments		
Interest expense	—	404
Amortization of notes and securities discount	—	9
Depreciation and amortization	557	616
Gain on investment	—	980
Stock-based compensation expense	33,070	42,641
Premium deficiency reserve benefit	392	(27,476)
Restructuring costs	1,313	—
Non-recurring legal expenses and settlements	1,007	2,775
Expenses attributable to Seek Insurance Services, Inc.	—	6
Adjusted EBITDA (non-GAAP)	<u>\$ (5,130)</u>	<u>\$ (55,534)</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)⁽¹⁾

	Three Months Ended September 30,	
	2023	2022
Salaries and benefits	\$ 60,567	\$ 70,142
General and administrative expenses	41,747	47,832
Total SG&A	102,314	117,974
Adjustments		
Stock-based compensation expense	(33,070)	(42,641)
Non-recurring legal expenses and settlements	(1,007)	(2,775)
Expenses attributable to Seek Insurance Services, Inc.	—	(6)
Adjusted SG&A (non-GAAP)	\$ 68,237	\$ 72,552

(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, 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.

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."