# Clover Health

Confidential

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# Solving The Big Issues In US Healthcare



**Widespread Misaligned Incentives**

&



**Siloed and Inactionable Health Data**



Variability in Care Decision-Making



Increasing Demands on Physicians



Abysmal Consumer Experience and Unequal Access



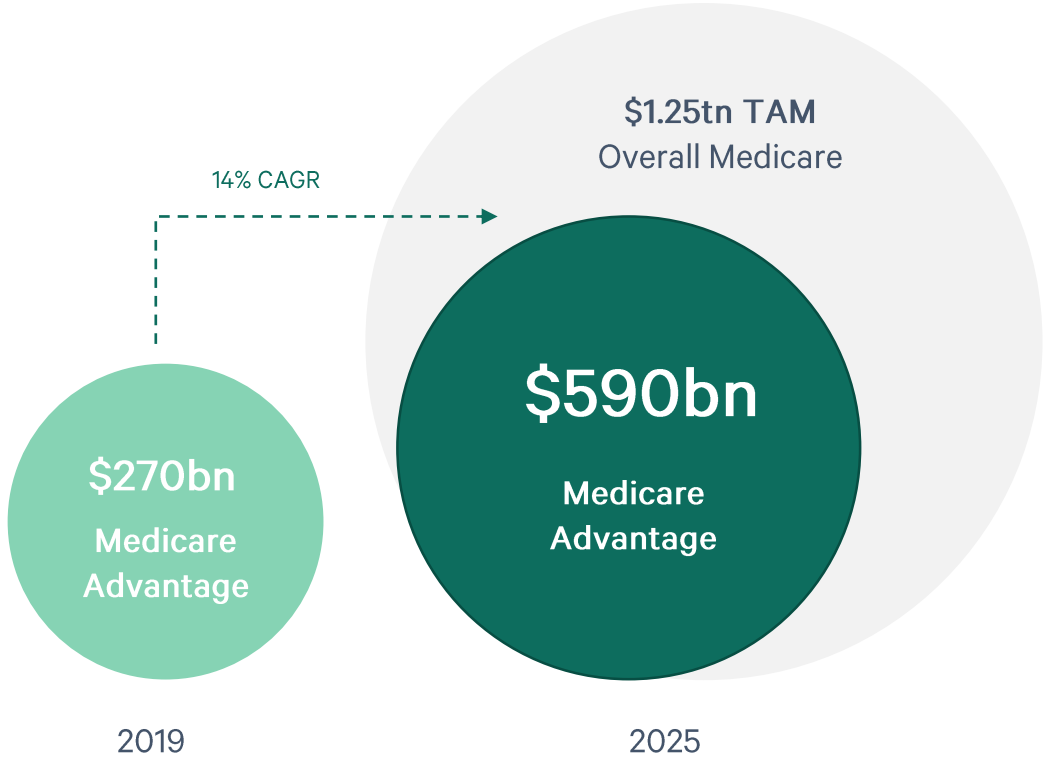
Unsustainable and Wasteful Spend

## Meaningful Impact as a Medicare Advantage Insurer

- "Own" and Leverage the Data Stack
- Opportunity for Economic Alignment
- Create Better Health Outcomes for Members
- Consumer-Driven Marketplace

# Our Market: Medicare Advantage

## Largest, Undisrupted Market in Healthcare




## Spurred by Aging Demographic Tailwinds and Superior Value

- **10,000** new baby boomers joining Medicare everyday
- MA penetration anticipated to rise from **36%** in 2020 to **50%** in 2025
- **More choice, often at less cost,** in Medicare Advantage than Original Medicare
- Strong **bipartisan** support

Source: CMS, Kaiser Family Foundation, L.E.K.



# Who We Are

**We are a next-generation Medicare Advantage solution, deploying best-in-class technology to solve one of the world's biggest data problems**

***Our mission is to improve every life***

**We execute upon our mission by empowering physicians with data-driven, personalized insights at the point of care**

# Founder-Led, Experienced Leadership Team



**VIVEK GARIPALLI**
*Founder, CEO*



**ANDREW TOY**
*President, CTO*



**JOE WAGNER**
*CFO*



**JAMIE REYNOSO**
*COO*



**GIA LEE**
*General Counsel*

*US Dept. of Health and Human Services*

*US DOJ*

## Clinical

**Dr. Sophia Chang**
Chief Clinical Informatics Officer

**Dr. Mark Spektor**
Chief Medical Officer

**Dr. Kumar Dharmarajan**
Chief Scientific Officer

## Tech

**Calvin Chock**
Chief Product Officer

**David Zhu**
VP, Head of Engineering

**Chris Ross**
Chief Information Security Officer

## G&A

**Luke Stepusin**
VP, Finance

**Rachel Fish**
Chief People Officer

**Wendy Richey**
Chief Compliance Officer

# Clover Is The Fastest Growing Medicare Advantage Plan In The US[1]

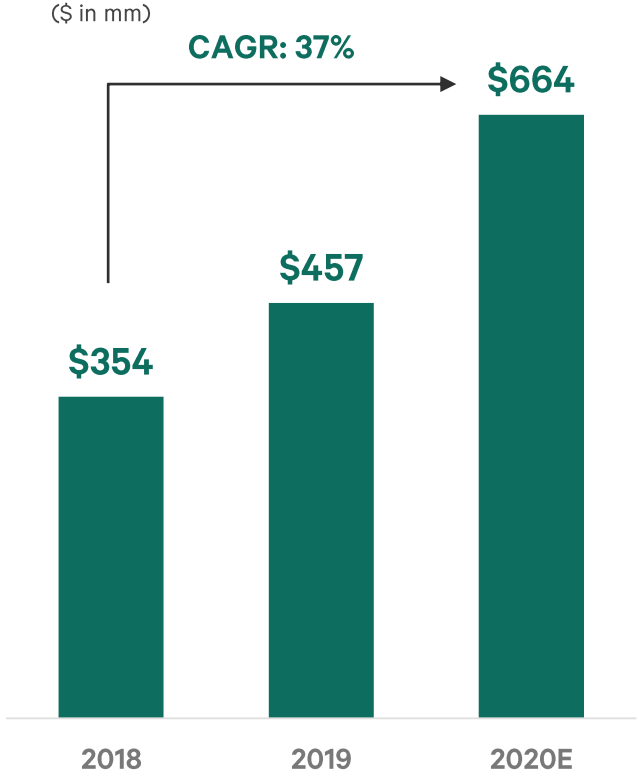
## Key Metrics[2]

**57K**
Members

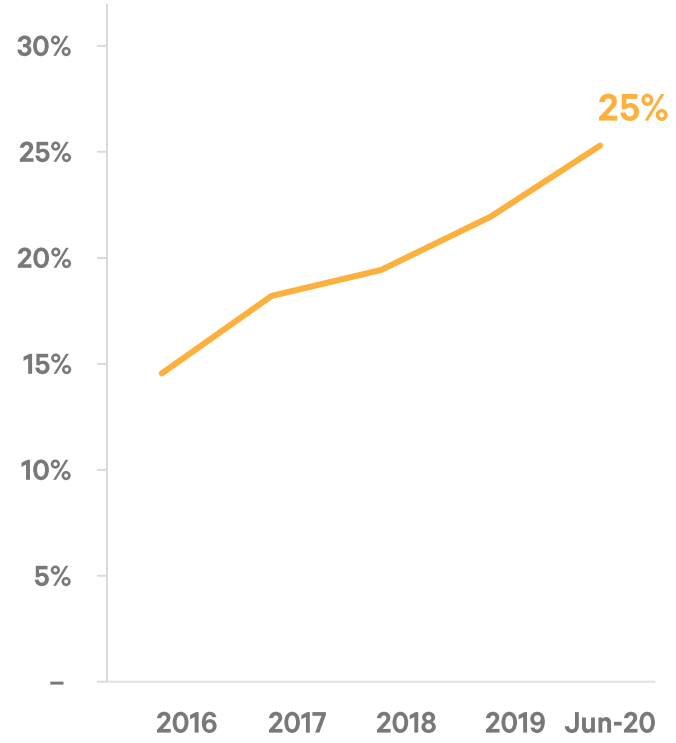
**34**
Counties

**4.5x**
LTV / CAC[3]

## Gross Premium Revenue




## Market Share (established markets[4])




Source: CMS
(1) Clover was the fastest growing MA plan with at Least 50,000 members over the Last 3 AEP / OEP periods.
(2) As of June 30, 2020.
(3) LTV/CAC calculation based on Q1 2020 MCR results and 1H 2020 member variable OpEx. Year 1 assumes new member margins; year 2+ assumes returning member margins; CAC = ~$1,050.
(4) Markets where Clover has over 500 members prior to AEP results. Represents 13 of our 34 counties.

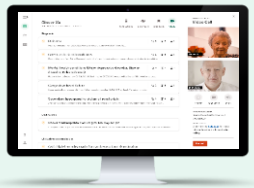
# A Fundamentally Different Approach To Insurance

Clover

*Increasing access and benefits while reducing costs*

*A true payor / provider partnership model*

**Consumer Experience**



**Physician Experience**

**Clover Assistant**

*Improving health outcomes and accessibility of healthcare*

*Using data to enable high-quality, personalized care*

**US Healthcare System**

*Reducing the incidence of high-cost events that drive the largest share of healthcare expenditures*

# Why Choose Clover?

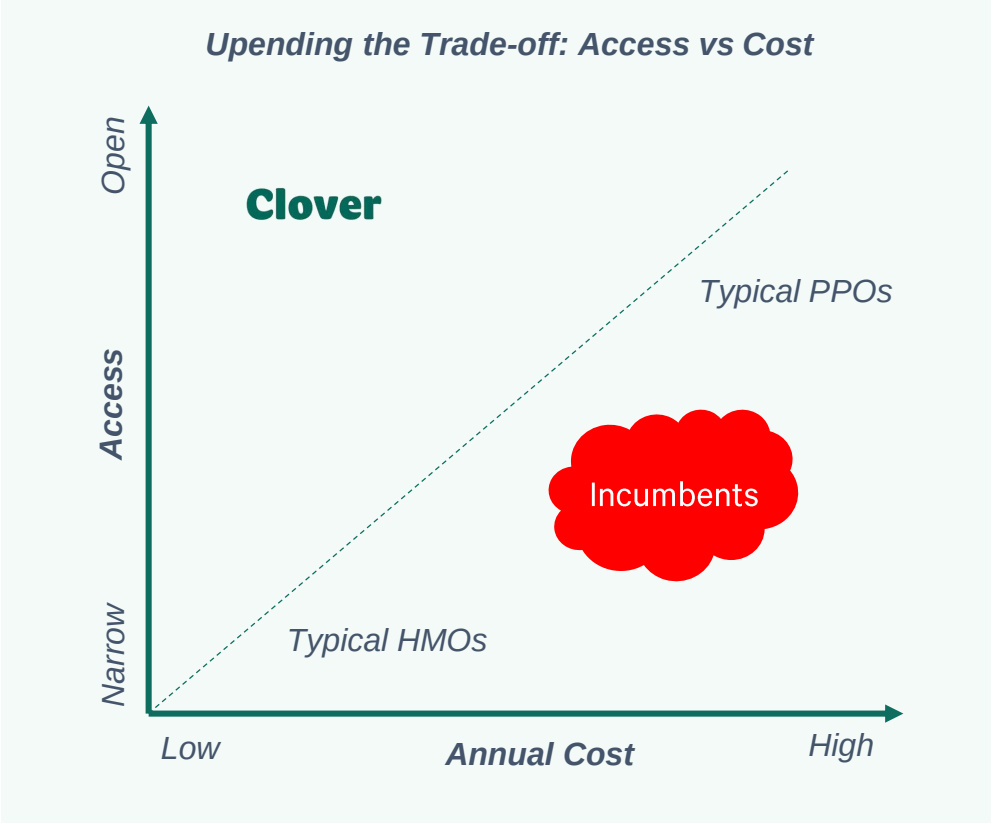
*Providing members with better care at lower cost*



# Designing "Obvious" Plans

## Five Burning Questions

- Is my PCP in the network?
- Is my hospital in the network?
- Is my specialist in the network?
- Are drugs covered?
- What is the plan going to cost me?




**We offer plans with the access of a PPO at lower than HMO costs.**

# Providing Better Care At A Lower Cost

## Out of Pocket Costs[1]

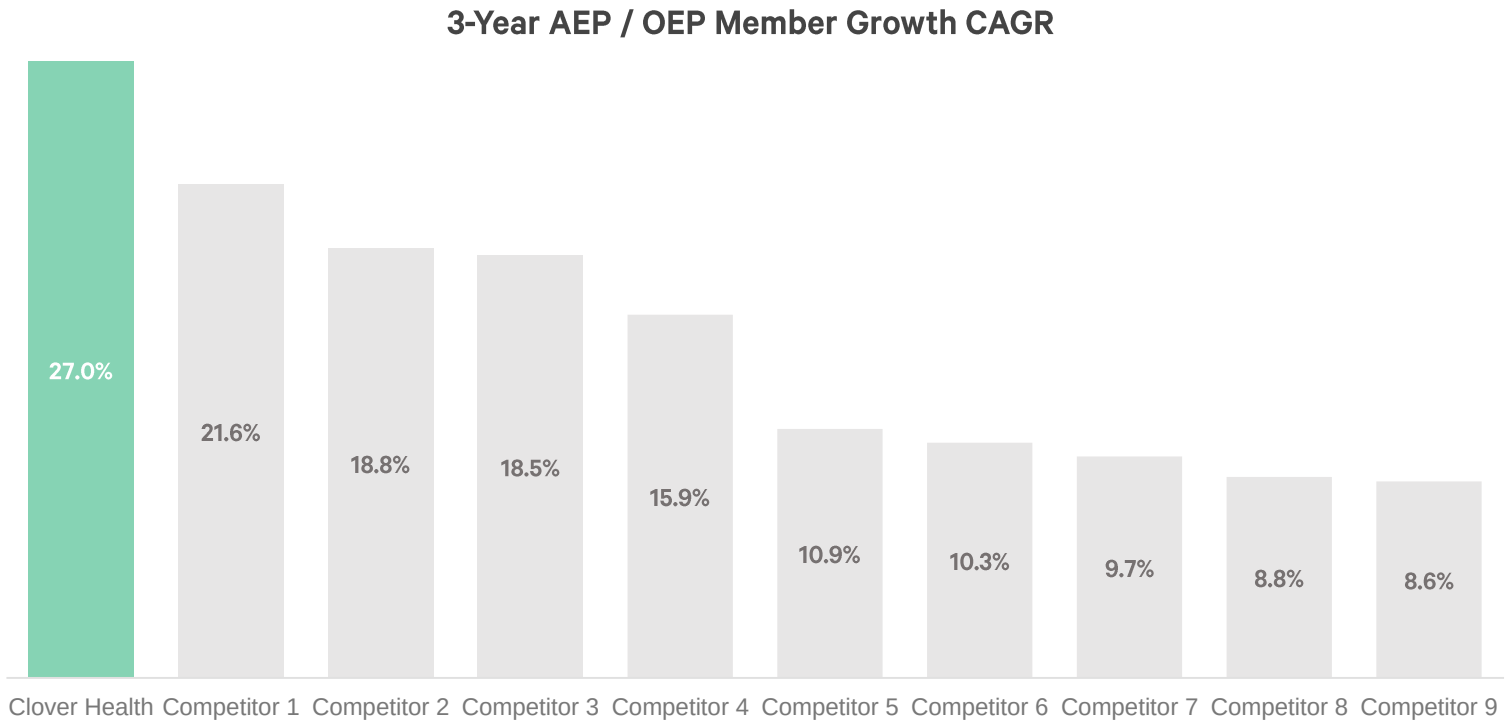
| | Clover | Competitor | Savings | Medicare |
|---|---|---|---|---|
| PCP Copay | $0 | $5 | $5 (100%) | $21[3] |
| Specialist Copay | $5 -$20 | $25 - $45 | $20 - $40 (80%-89%) | $30[3] |
| Drug Deductible | $150 - $200[5] | $200 - $240 | $0 - $90 (0% - 38%) | $651[2] |
| Avg. Annual Cost | $1,871 | $2,257 | $387 | $3,166[4] |
| Avg. Lifetime Cost | $13,094 | $15,801 | $2,707 | $22,162 |
| | | | *17% cost savings* | *41% cost savings* |

Note: Assumes lifetime of 7 years

(1) Company analysis. Competitor column represents MA plans offered by the competitor with largest market share in the five counties where Clover has the most members.
(2) Kaiser Family Foundation.
(3) Calculated assuming a 20% coinsurance rate applied to the estimated 2021 primary care visit cost of $103 and level 5 E/M visit cost of $148 respectively (from CMS).
(4) 2016 average out-of-pocket spending on medical and long-term care services (from Kaiser Family Foundation).
(5) Members with the federal low-income subsidy (LIS) pay $0; $200 represents an average that is comparable to our competitors after considering the LIS.

# Consumers Are Choosing Clover

## Clover was the Fastest Growing Medicare Advantage Plan with at Least 50,000 Members over the Last 3 AEP / OEP Periods[1]




**Top 3**

**Market share position in all established markets[2]**

**>50%**

**Take rate in established markets over the past three years**

**600 bp**

**Retention advantage compared to industry[3]**

(1) December 2017 to May 2020.
(2) Represents a total of 13 counties of our 34 counties.
(3) Industry data from Kaiser Family Foundation based on 2013/2014 survey.



# Partnering With Physicians

*Allowing doctors to focus on what matters most*

# For Physicians, The Clover Assistant Addresses Two Main Issues: Money And Time

## Enhanced, Streamlined Payments

*Clover takes the pain out of payor reimbursement by paying PCPs a prompt, predictable, and enhanced rate*

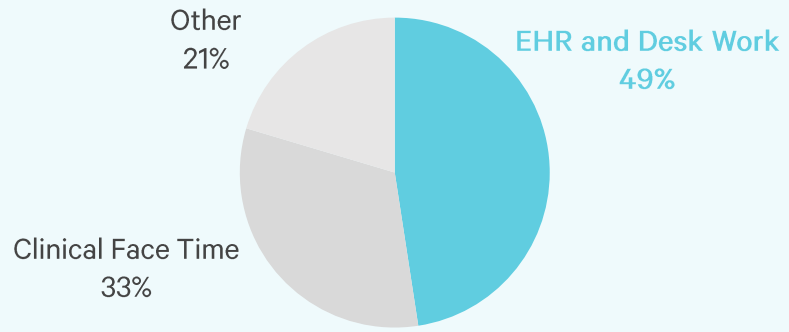
**~2x** Industry reimbursement rate[1]

**4 Days** Average payment days

*...helping them bridge the compensation gap with their specialty peers*

**$267k** [2] PCP salary vs. **$444k** [2] Specialist salary

## Impactful Interactions[3]



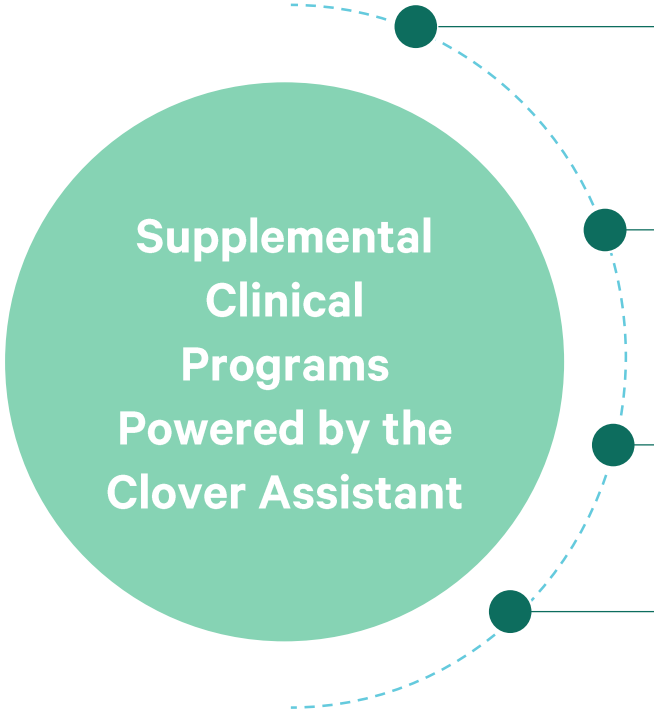

*The Clover Assistant drives impactful interactions between PCPs and their patients*

**<5 min**
Average time spent interacting with the Clover Assistant

- ✓ Simple Design
- ✓ Valuable Clinical Insights
- ✓ Synthesized Clinical Data
- ✓ Care Coordination

(1) Based on estimated CMS 2021 base reimbursement fee rate for primary care visit.
(2) Source: Medical Group Management Association.
(3) Source: Annals of Internal Medicine: Allocation of Physician Time in Ambulatory Practice: A Time and Motion Study in 4 Specialties.

# Comprehensive Complex Care




**In-Home Care**
*Home-based primary care/intensive care management for our most complex members*

**Supportive Care**
*Advanced care planning support and palliative care for members with limited life expectancy*

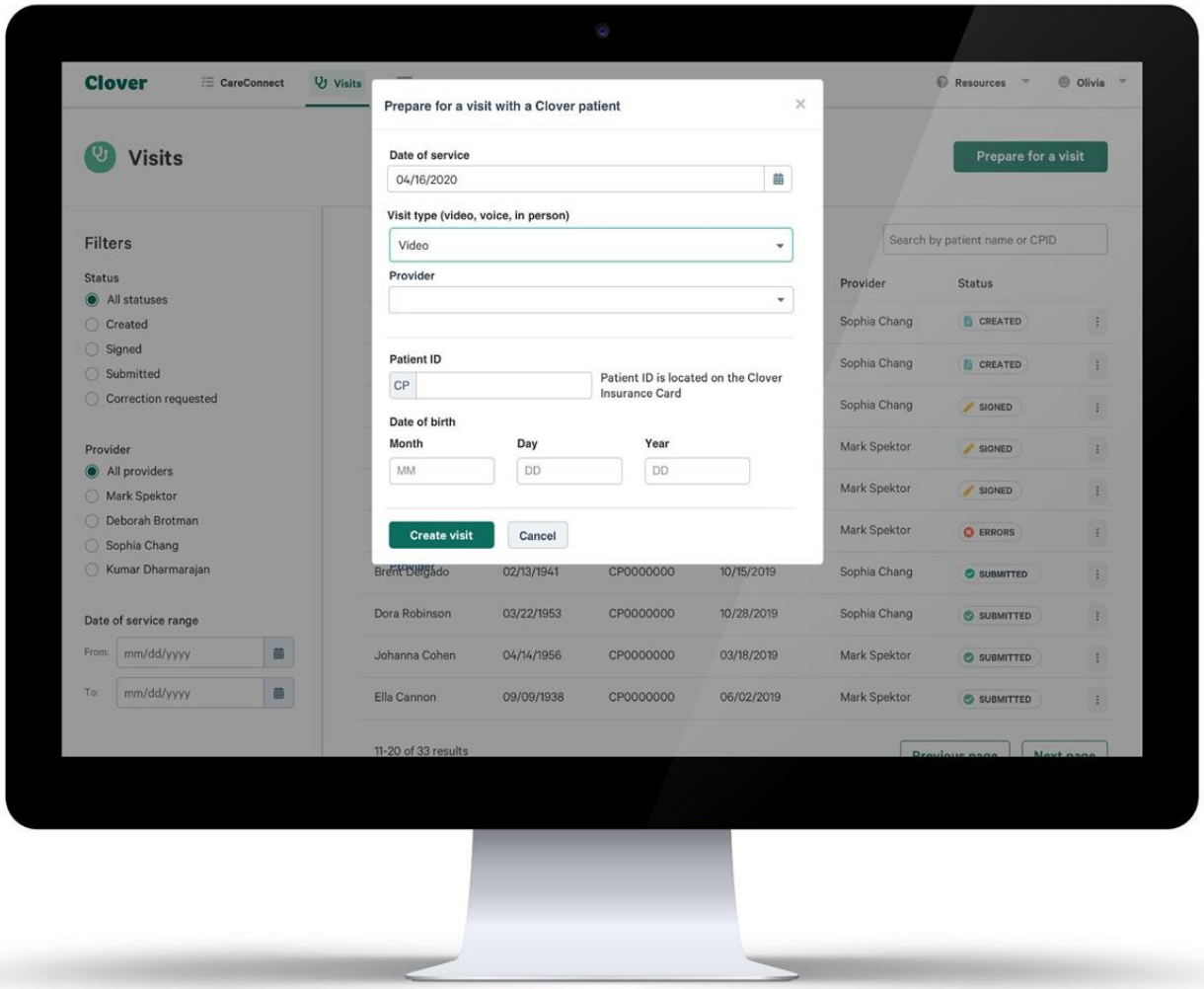
**Readmission Prevention Program**
*Care transition support for members recently discharged from a hospital or post-acute care*

**Behavioral Health Program**
*Comprehensive care coordination for members with behavioral health and social services needs*

**Member identification, engagement and care in our clinical programs is driven by the Clover Assistant.**

# The Clover Assistant

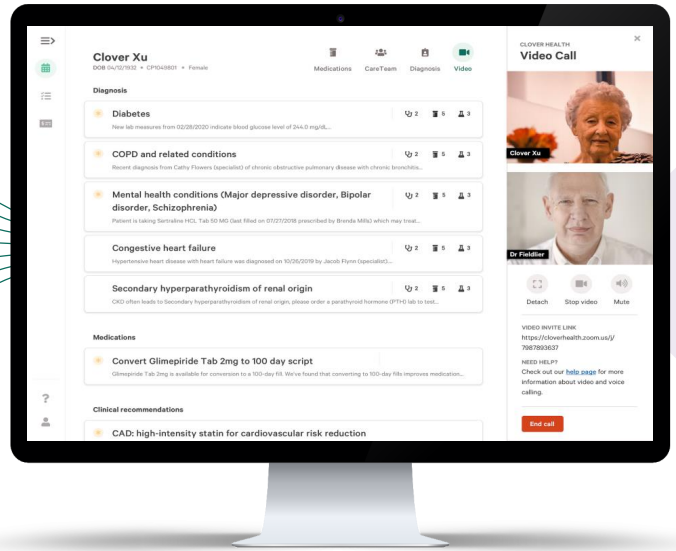
*Software platform that delivers data-driven insights to physicians at the point of care*



# Data Aggregation And Machine Learning At The Point Of Care

- PCP Charts
- Specialist Charts
- EHR Data
- Pharmacy Data
- Lab Data
- Socioeconomic Data
- Evidence-Based Protocols

## Clover Assistant

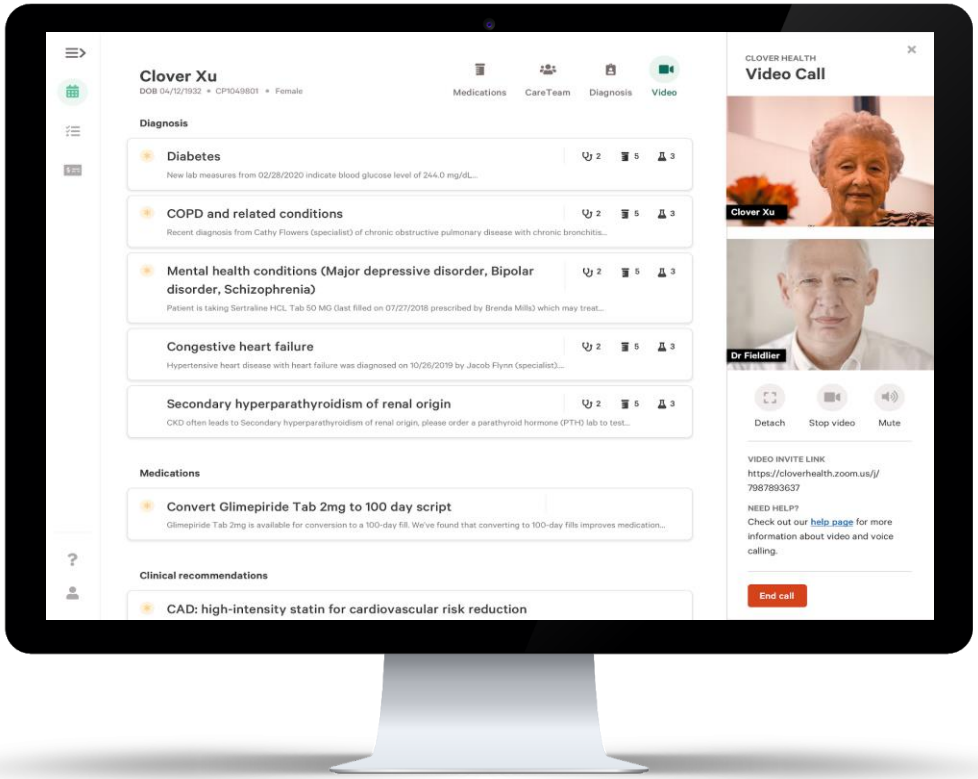



**Actionable Data**
*(at the point of care)*

- Evidence-Based Protocols
- Potential Comorbidities
- Cancer Screening Reminders
- Medication Adherence
- Annual Flu Shot
- Clinical Program Engagement

**Synthesis** — **Insight** — **Action**

# The Clover Assistant Via Telehealth




## Telehealth Features

- COVID-specific symptom prompts to help identify members in need of additional support from Clover
- Embedded video functionality
- Invite a member via text or email link

**Given our closed loop system, we were able to rapidly build and deploy telehealth support.**

# Power To Bend The Cost Curve Over Time

**Surfacing of potential comorbidities enables early evaluation and treatment of disease, driving better care and reducing the likelihood of acute episodes**

## Without The Clover Assistant

**Jan 20**
- Mrs. James annual physical
- Seems healthy, but missed markers

**Jan 22**
- Visits PCP with fatigue
- Stage 4 CKD diagnosis

**Jan 26**
- ER visit after fall and broken hip
- Heightened mortality risk post-fracture
- 3 more years of CKD and progression to ESRD

**Chronic and Acute Care Costs**

**CKD costs $22K annually over 4 years**

**$1K ER Visit**

**$39K Hip Surgery**

**$80K ESRD Treatment(1)**

**~$208k in Costs**

## With The Clover Assistant

**Jan 20**
- Mrs. James annual physical
- PCP orders PTH lab test

**Feb 20**
- CA receives results (elevated PTH)
- CA recommends medication regimen
- PCP prescribes meds via CA

**Jan 26**
- Mrs. James remains happy and healthy

**~$208k in Savings**

Source: CDC.

(1) Excludes Medicare spending on prescription drugs associated with ESRD.

# The Clover Assistant Is...

## 1. Scalable

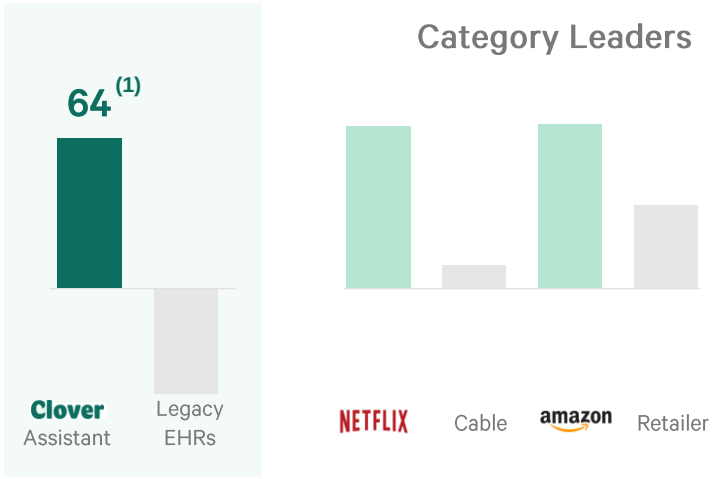
**5.2x** growth in CA primary care physicians from January 2019 to June 2020

**61%** of members are attributed to a provider already contracted on platform

## 2. Engaging

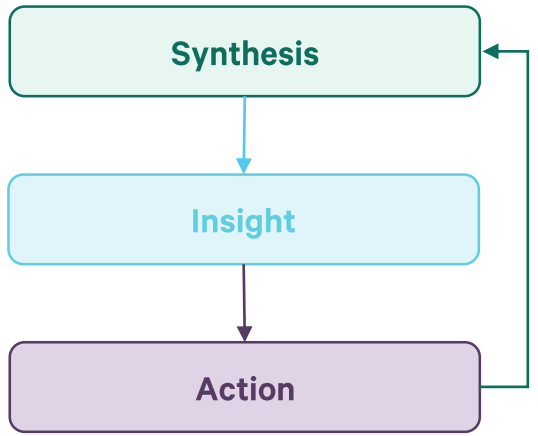
**92%** of eligible member visits utilize CA

Net Promoter Score




## 3. Improving

Releases every **3 Weeks** highlighting rapid improvement cycle and closed loop system(2)




**…most importantly driving an economic advantage that enables us to finance best-in-class benefits at best-in-class margins.**

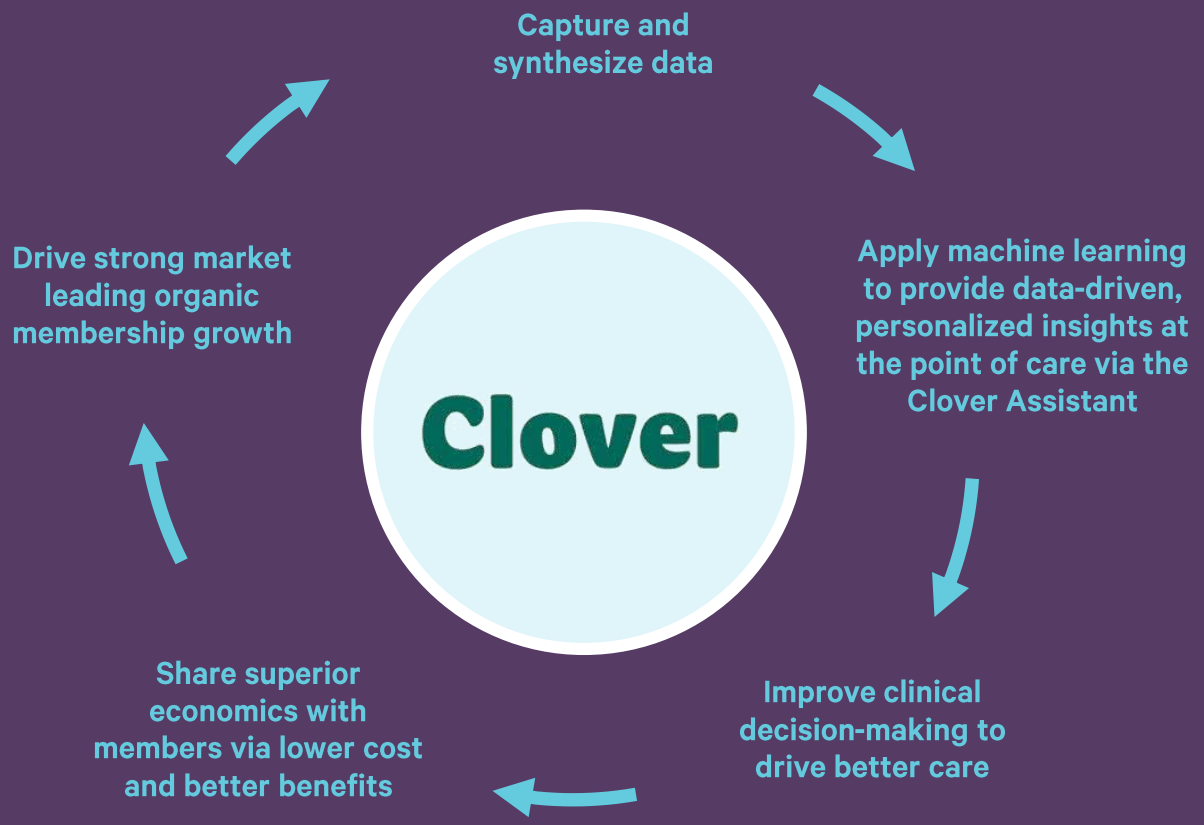
(1) Represents Q2 2020 survey results.
(2) Represents the average since launch in July 2018.

# Growth

*Our playbook to build a national MA plan*



# Our Virtuous Growth Cycle

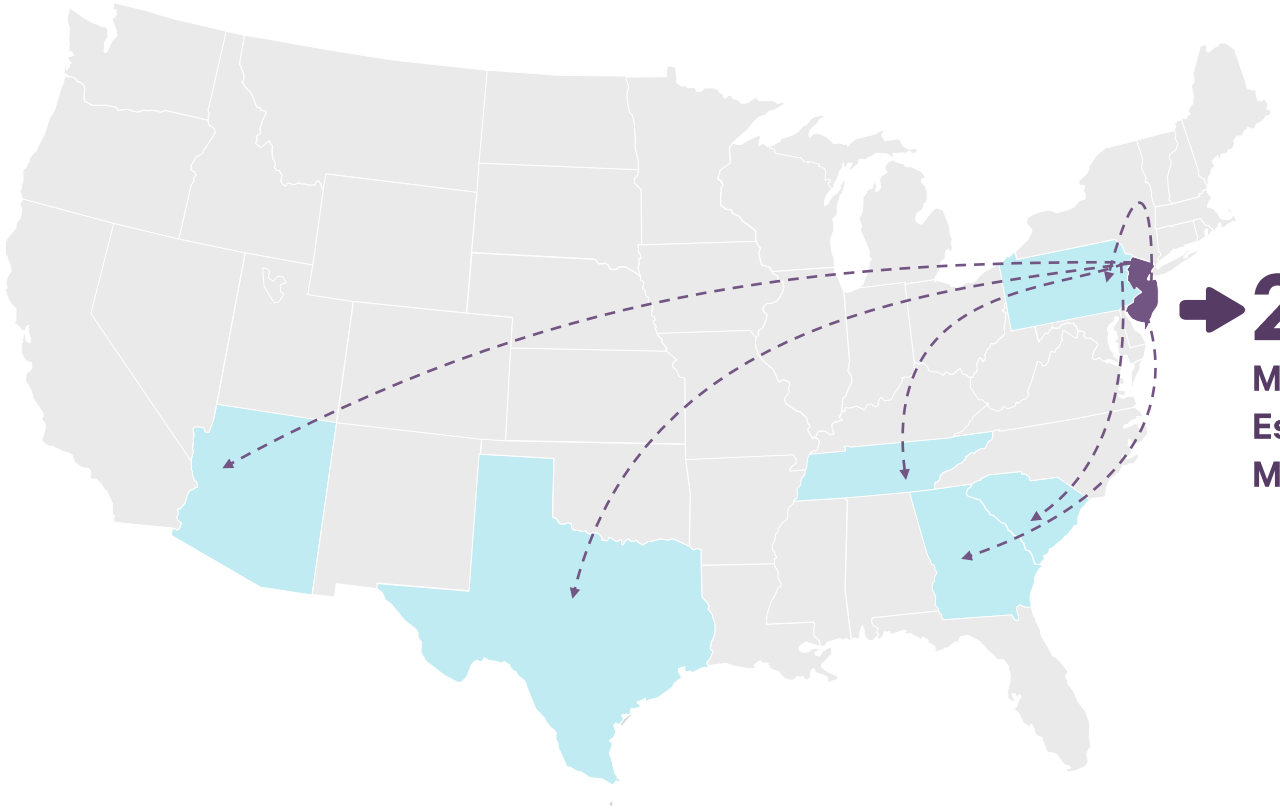


# We Are In 34 Counties Representing 3.1mm Medicare Lives

**57k**
Members

**8%**
Market Share

**$664mm**
FY20E Gross Premium Revenue

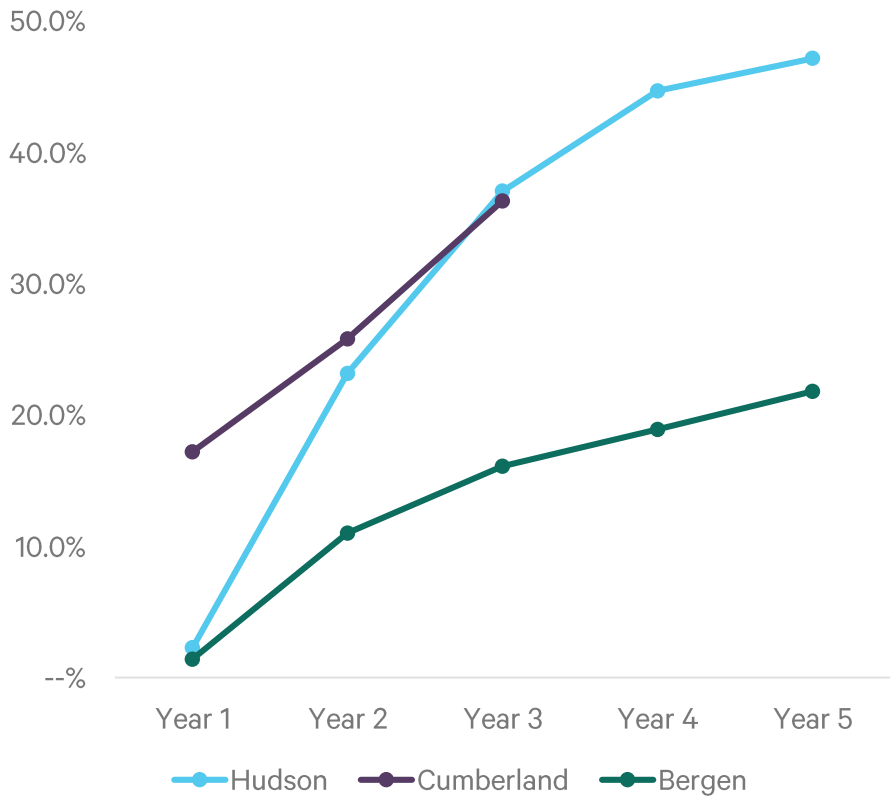


**25%**
Market Share in Established Markets(1)

(1) Individual, non-SNP lives in markets where Clover has over 500 members prior to AEP results. Established markets represent a total of 13 of our 34 counties.

# A Scalable Playbook For Virtually The Entire US

## Leading Market Share...




## ...Across Urban, Suburban, and Rural Markets

| | Hudson | Cumberland | Bergen |
|---|---|---|---|
| Population Density[1] | 13.7k | 0.3k | 3.9k |
| Median Household Income | $66k | $53k | $96k |
| Minority (%) | 71% | 55% | 45% |
| MA Penetration | 37% | 33% | 25% |
| Market Share | 48% | 36% | 24% |

Source: CMS and US Census.

(1) Population per square mile.

# In 2021, We Will Be In 108 Counties Representing 4.4mm Medicare Lives

**73k**

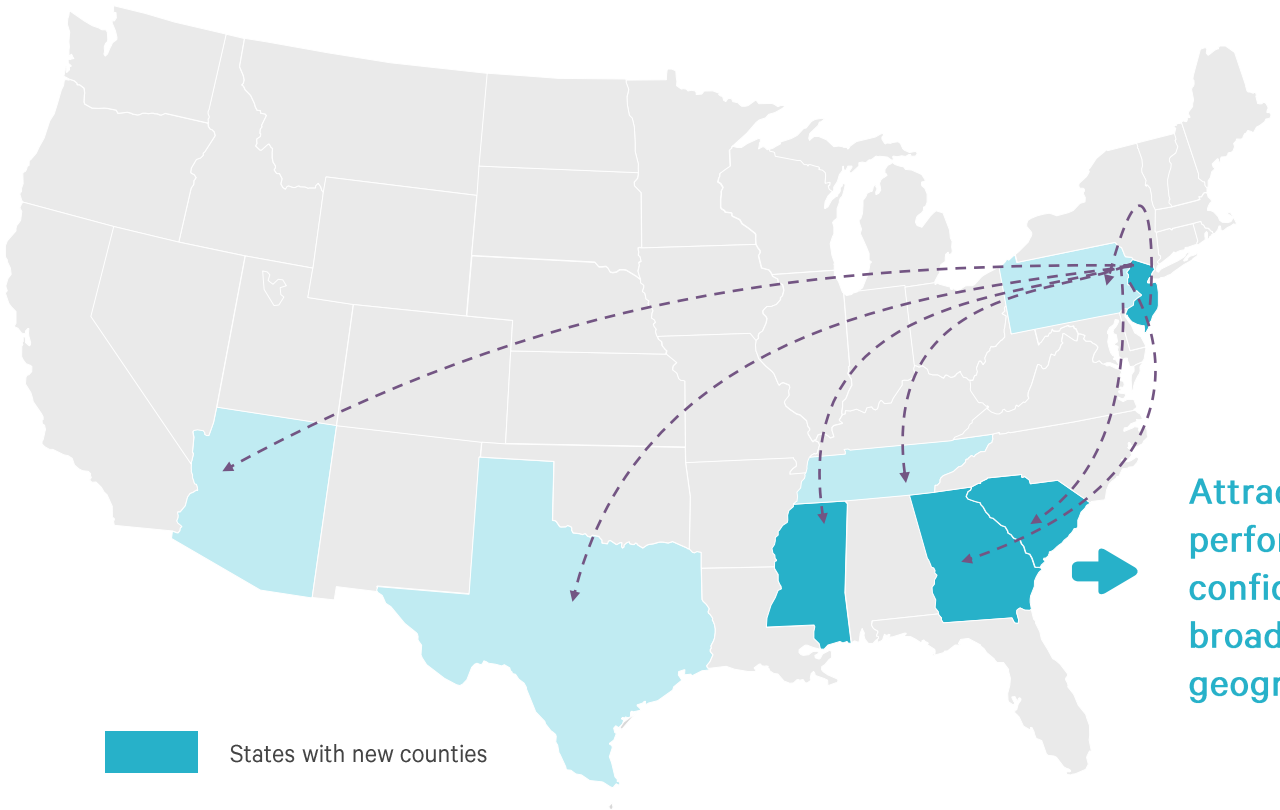
Members[1]

**7%**

Market Share[1]

**$872mm**

FY21E Gross Premium Revenue




Attractive 2020 AEP performance, giving confidence to expand broadly across new geographies

(1) Estimates based on management projections.

# The Path To $25bn In Revenue

**~28mm**

**Medicare Advantage Lives expected by 2030(1)**

**~40%**

**Of markets in the US(2)**

**12%**

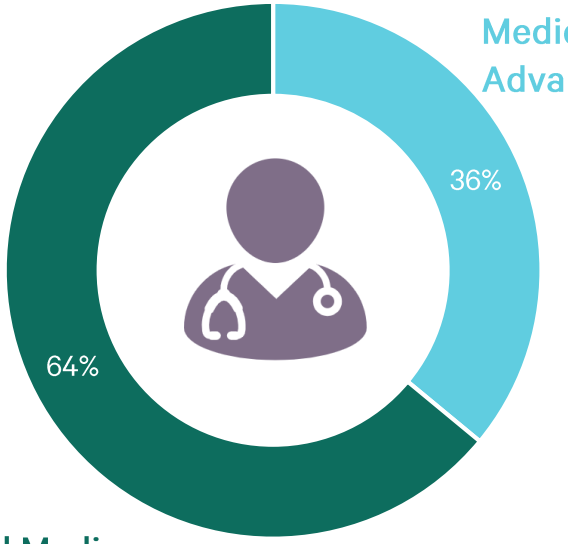
**Market Share in addressed markets(2)**



Source: CMS data, census data, and company projections.
(1) Individual, non-SNP Market.
(2) Company projections.

# Direct Contracting Expands Our Addressable Market

## Illustrative PCP Medicare Patient Mix[1]

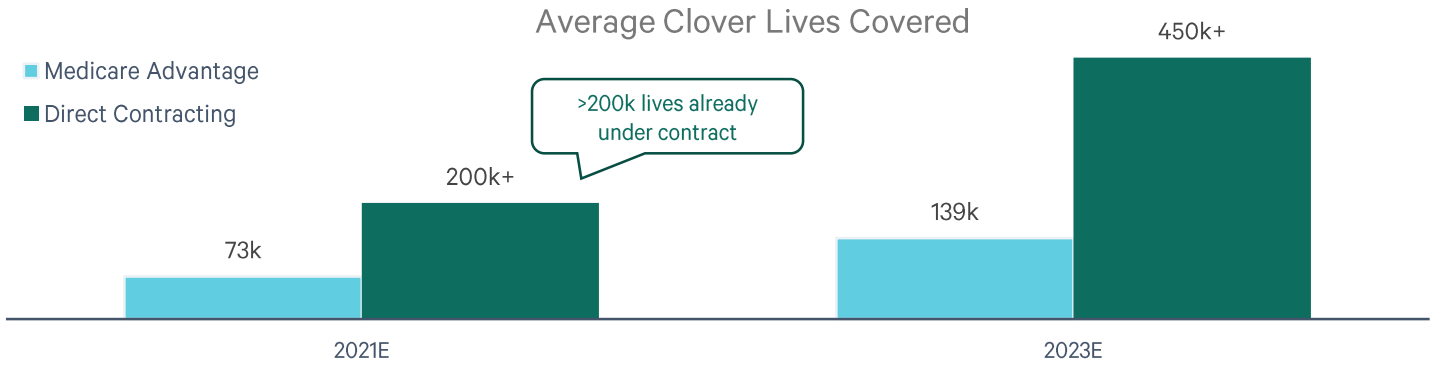



Original Medicare ($660bn+)[2]

Ideally, 1 PCP can serve up to 400 Medicare Patients[3]

## Expansion through physicians, not consumers

- New program for Original Medicare (OM) beneficiaries
- Contract with PCPs, adding thousands of lives to the platform through a single contract
- Costs will be managed by Clover, based on an economic construct similar to MA
- Success via technology-driven value proposition for physicians



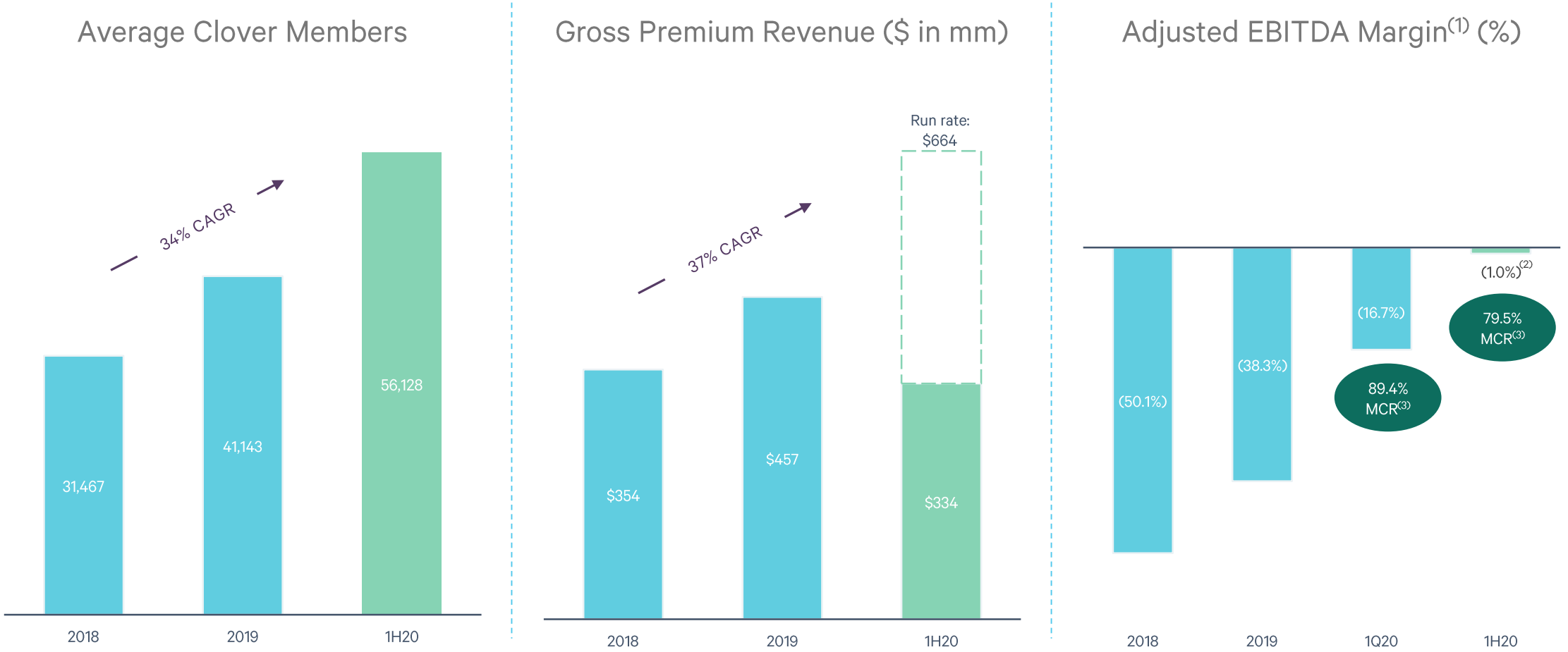

(1) Based on current MA penetration.
(2) Market size represents 2025E.
(3) According to a leading physician group practice focused on serving seniors, their per physician patient panels are about 400 patients.

# Financials

Building A Technology-Driven Financial Competitive Advantage

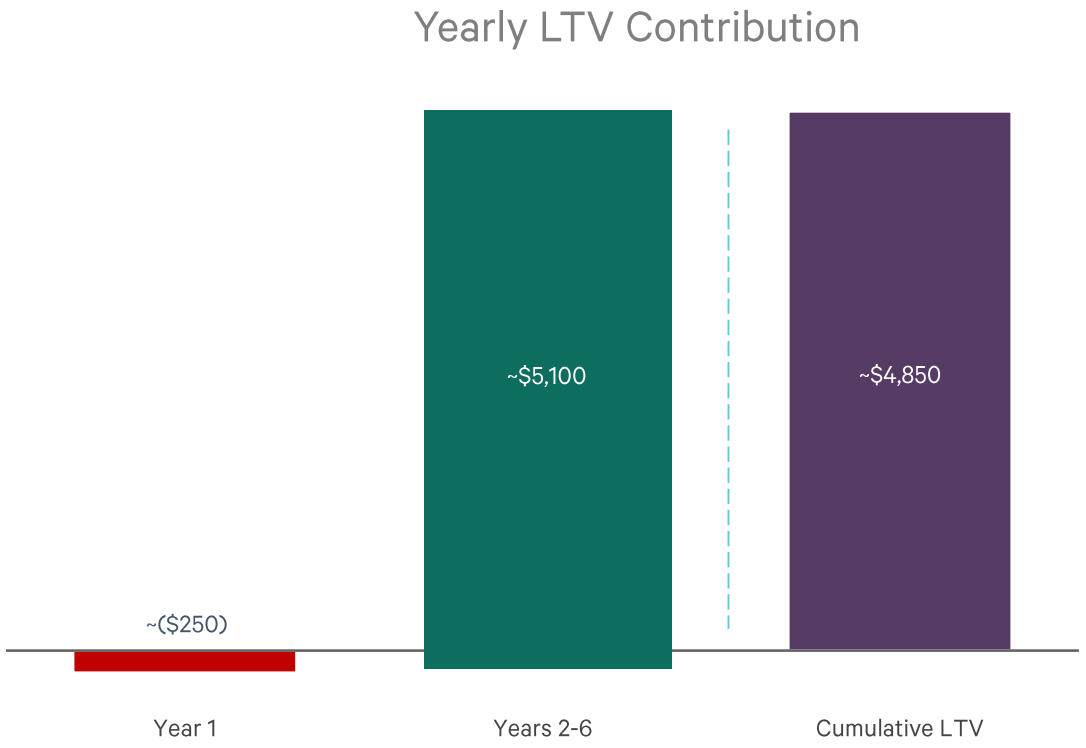


# Market Leading Growth And Improving Margins




(1) Adjusted EBITDA is a non-GAAP financial measure defined by us as net loss before interest expense and amortization of notes and securities discount, provision for income taxes, depreciation and amortization expense, change in fair value of warrants, loss on derivative, restructuring cost, stock-based compensation expense and health insurance industry fee. Adjusted EBITDA Margin is a non-GAAP financial measure defined by us as Adjusted EBITDA divided by premiums earned, gross. See reconciliation in Appendix. Historical numbers reflect an update to presentation materials dated 9/28.
(2) Includes impact of reduced utilization of services due to COVID-19.
(3) Represents Medical Care Ratio, which is defined as total net medical claim expenses incurred divided by premiums earned, in each case on a gross or net basis, as the case may be, in a given period.

# Clover Has Strong Unit Economics With Upwards Trajectory, While Providing Members With A High Value Offering




## LTV/CAC of 4.5x, underpinned by…

- Stable, recurring revenue
- Strong retention leading to multi-year member lifetime
- Margin enhancement over time
- Upside in future cohort LTV/CAC

Note: LTV/CAC calculation based on Q1 MCR results and 1H Member Variable Operating Expenses. Year 1 assumes new member margins; year 2+ assumes returning member margins; CAC = ~$1,050.

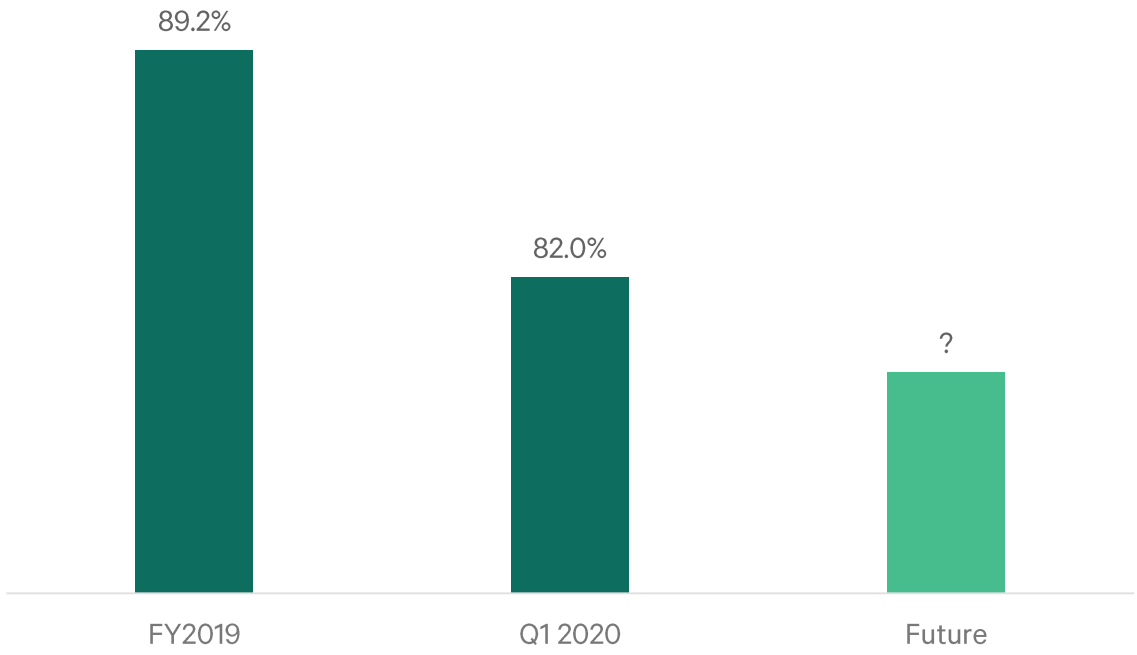
# Our Best-In-Class Growth Directly Impacts Margin Results

| | New Members | Returning Members |
|---|---|---|
| **Gross Premium Revenue** | Limited visibility into health profile *(~$800 per member per month)* | Strong visibility into health profile *(~$1,100 per member per month)* |
| **Medical Expenses** | Limited time to impact | Cost savings over time |
| **Medical Care Ratio (MCR)[1]** | 95% - 105% | 70% - 85% |
| **Operating Expenses** | Acquisition costs | Variable operating expenses |
| **Operating Margin** | Year 1 loss | Profitable |

(1) Defined as total net medical claim expenses incurred divided by premiums earned, in each case on a gross or net basis, as the case may be, in a given period. The MA program requires us to spend a minimum of 85% of total premium revenue received by the insurer on health care services, covered benefits and quality improvement efforts. That calculation is separate and distinct from the computation of MCR as presented herein.

# The Clover Assistant Has Already Made An Impact

## Rapidly Improving Clover Assistant MCR[1,2] While Delivering...




## ... A Value Proposition To The Consumer

- The access of a PPO
- Out-of-pocket cost savings

(1) MCR, or Medical Care Ratio, is defined as total net medical claim expense incurred divided by premiums earned, in each case on a gross or net basis, as the case may be, in a given period.
(2) MCRs represent returning members in Clover Assistant physician panels. New and retuning members are defined on a calendar year basis. Any member who is active on July 1 of a given year is considered a returning member in the following year. Any member who joins a Clover plan after July 1 in a given year is considered a new member for the entirety of the following calendar year.

# How We Achieve Enhanced Margins At Best-In-Class Growth

The Clover Assistant allows us to generate positive margins while maintaining 30+% annual growth

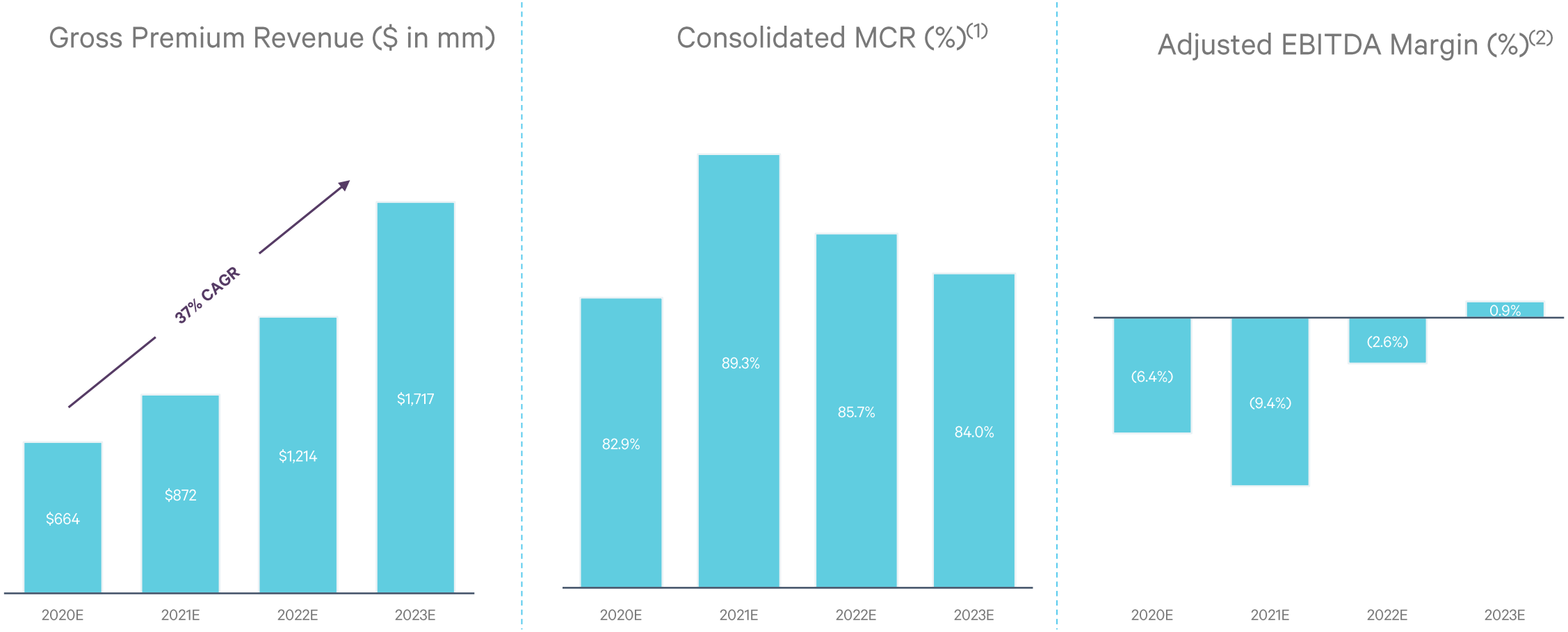
Room for margin expansion over time:
- Stars enhanced payment mechanism
- Improvement in the CA product
- Increase in CA adoption and coverage

Enhanced margins = more $ available to reinvest in operating expenses and in enhancing the health plan value to the consumer

| Metric | 2019 | Q1 2020 | 2022E | Long-Term Target |
|---|---|---|---|---|
| Member Growth[1] | 31% | 38%[4] | 35% | 30%+ |
| Clover Assistant Penetration | 59% | 61% | 68% | 70%+ |
| Clover Assistant Returning Member MCR[2] | 89% | 82% | 76% | <75% |
| Consolidated MCR[2] | 99% | 89% | 86% | 82% - 83% |
| Adjusted EBITDA Margin[3] | (38%) | (17%) | (3%) | 6-7% |

(1) Excludes Direct Contracting.
(2) MCR, or Medical Care Ratio, is defined as total net medical claim expense incurred divided by premiums earned, in each case on a gross or net basis, as the case may be, in a given period. MCRs represent returning members in Clover Assistant physician panels. New and retuning members are defined on a calendar year basis. Any member who is active on July 1 of a given year is considered a returning member in the following year. Any member who joins a Clover plan after July 1 in a given year is considered a new member for the entirety of the following calendar year.
(3) Adjusted EBITDA is a non-GAAP financial measure defined by us as net loss before interest expense and amortization of notes and securities discount, provision for income taxes, depreciation and amortization expense, change in fair value of warrants, loss on derivative, restructuring cost, stock-based compensation expense and health insurance industry fee. Adjusted EBITDA Margin is a non-GAAP financial measure defined by us as Adjusted EBITDA divided by premiums earned, gross. See reconciliation in Appendix. Historical numbers reflect an update to presentation materials dated 9/28.
(4) Based on full year 2020 membership estimates.

# Continued Growth And Path To Profitability




(1) MCR, or Medical Care Ratio, is defined as total net medical claim expense incurred divided by premiums earned, in each case on a gross or net basis, as the case may be, in a given period.
(2) Adjusted EBITDA is a non-GAAP financial measure defined by us as net loss before interest expense and amortization of notes and securities discount, provision for income taxes, depreciation and amortization expense, change in fair value of warrants, loss on derivative, restructuring cost, stock-based compensation expense and health insurance industry fee. Adjusted EBITDA Margin is a non-GAAP financial measure defined by us as Adjusted EBITDA divided by premiums earned, gross. See reconciliation in Appendix.

# Financial Summary

| (in millions) | 2018A | 2019A | 2020E | 2021E | 2022E | 2023E | CAGR |
|---|---|---|---|---|---|---|---|
| **Counties** | 19 | 26 | 34 | 108 | 161 | 219 | |
| **Average Members** | 31,467 | 41,143 | 56,707 | 73,477 | 99,194 | 138,871 | *35%* |
| *YoY Growth (%)* | | *31%* | *38%* | *30%* | *35%* | *40%* | |
| **Total Revenue[1]** | $358 | $462 | $671 | $880 | $1,219 | $1,723 | *37%* |
| *YoY Growth (%)* | | *29%* | *45%* | *31%* | *39%* | *41%* | |
| **Gross Profit** | $15 | $12 | $121 | $102 | $178 | $281 | *81%* |
| *Gross Margin (%)* | *4.1%* | *2.5%* | *18.0%* | *11.5%* | *14.6%* | *16.3%* | |
| **MCR** | *97.1%* | *98.8%* | *82.9%* | *89.3%* | *85.7%* | *84.0%* | |
| **Net Loss** | ($202) | ($364) | | | | | |
| **Adjusted EBITDA[2]** | ($177) | ($176) | ($43) | ($82) | ($31) | $16 | |
| *Total EBITDA Margin (%)* | *(50.1%)* | *(38.3%)* | *(6.4%)* | *(9.4%)* | *(2.6%)* | *0.9%* | |

(1) Gross premium revenue plus investment income and other income.

(1) Adjusted EBITDA is a non-GAAP financial measure defined by us as net loss before interest expense and amortization of notes and securities discount, provision for income taxes, depreciation and amortization expense, change in fair value of warrants, loss on derivative, restructuring cost, stock-based compensation expense and health insurance industry fee. Adjusted EBITDA Margin is a non-GAAP financial measure defined by us as Adjusted EBITDA divided by premiums earned, gross. See reconciliation in Appendix. Historical numbers reflect an update to presentation materials dated 9/28.

# Investment Highlights

## Large, growing market
Aging population and awareness spurring MA growth

## Obvious plan designs for consumers
Clover offers richer benefits and lower costs to consumers

## Technology competitive advantage driven by software platform
Home-grown software provides personalized, real-time insights at the point of care

## Rapid growth and scale
Demonstrated ability to grow rapidly and efficiently

## Strong unit economics
Favorable LTV / CAC across all cohorts

## Significant upside ahead
Clover's technology can excel in many adjacent opportunities

# Transaction Overview



# Transaction Overview

## Pro forma valuation

*($M except per share values)*

| | |
|---|---|
| IPOC illustrative share price | $10.00 |
| Pro forma shares outstanding (M)[1] | 443.5 |
| Total equity value | $4,435 |
| Net cash on balance sheet[2] | ($733) |
| **Total enterprise value** | **$3,702** |

**Total Enterprise Value / Revenue**

**4.2x** (based on 2021E Revenue of $880M)

**2.1x** (based on 2023E Revenue of $1,723M)

## Sources and uses

*($M)*

| | |
|---|---|
| **Sources** | |
| Cash from IPOC | $828 |
| Cash from PIPE (including co-investment) | $400 |
| **Total sources** | **$1,228** |

| | |
|---|---|
| **Uses** | |
| Cash to balance sheet | $668 |
| Secondary proceeds | $500 |
| Estimated transaction fees and expenses | $60 |
| **Total uses** | **$1,228** |

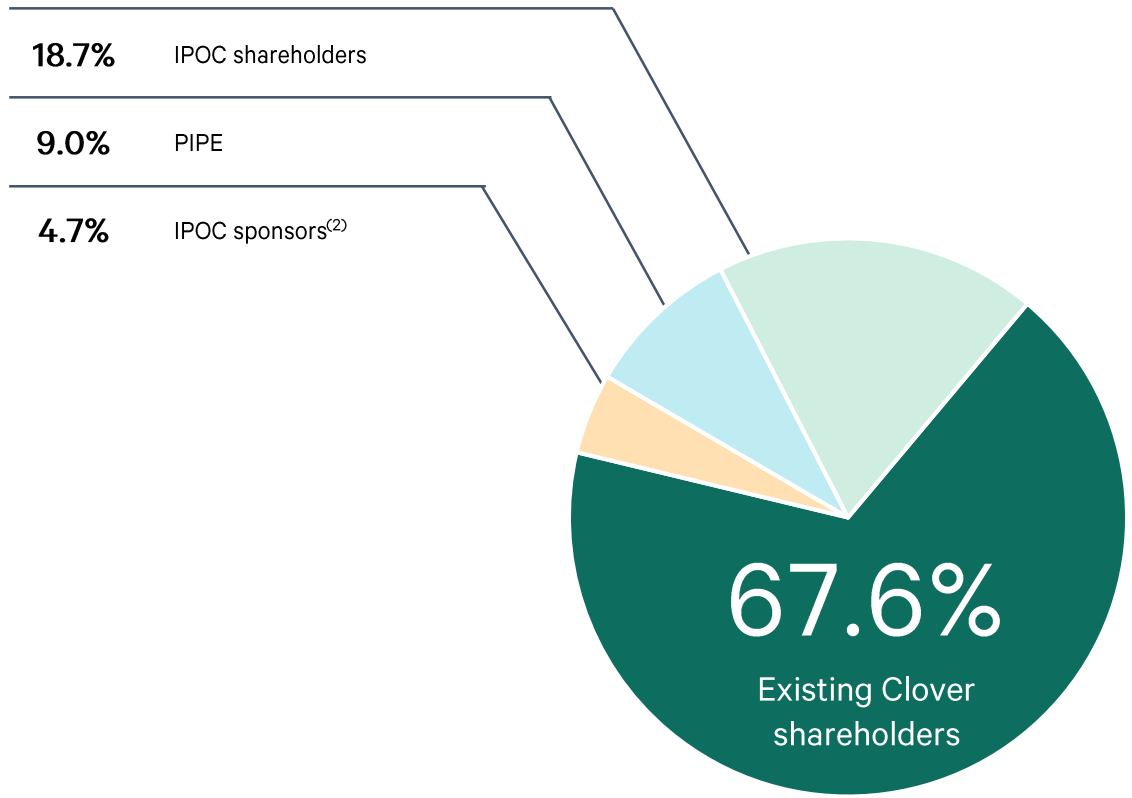
(1) Total shares include 300.0 million rollover equity shares, 82.8 million IPOC public shares, 40.0 million shares from PIPE and 20.7 million IPOC founder shares (exclusive of PIPE shares). Assumes no redemptions and no management awards. The terms of the management awards are subject to continuing negotiations between the parties, and as a result, the pro forma ownership percentages displayed may differ. Any dilution with respect to such management awards may be borne by all shareholders.

(2) Cash on balance sheet includes unrestricted cash and marketable securities less corporate debt as of June 30, 2020 plus $668 million of proceeds from this transaction.

# Transaction Overview *(Cont'd)*

- Pro forma enterprise value of $3.70B
- $400M PIPE raised at $10.00 per share, including $155M from IPOC sponsors
- 100% rollover by existing Clover management
- Existing shareholders to receive super voting shares (10:1) with sunset provisions
- Over $733M of pro forma net cash held on balance sheet
- Completion of transaction is expected by 1Q21

## Pro forma ownership[(1)]




(1) Total shares include 300.0 million rollover equity shares, 82.8 million IPOC public shares, 40.0 million shares from PIPE and 20.7 million IPOC founder shares (exclusive of PIPE shares). Assumes no redemptions and no management awards. The terms of the management awards are subject to continuing negotiations between the parties, and as a result, the pro forma ownership percentages displayed may differ. Any dilution with respect to such management awards may be borne by all shareholders.

(2) Excludes any investment in PIPE.

# Appendix



# The Clover Assistant Platform Enables Real-Time Actionable Insights

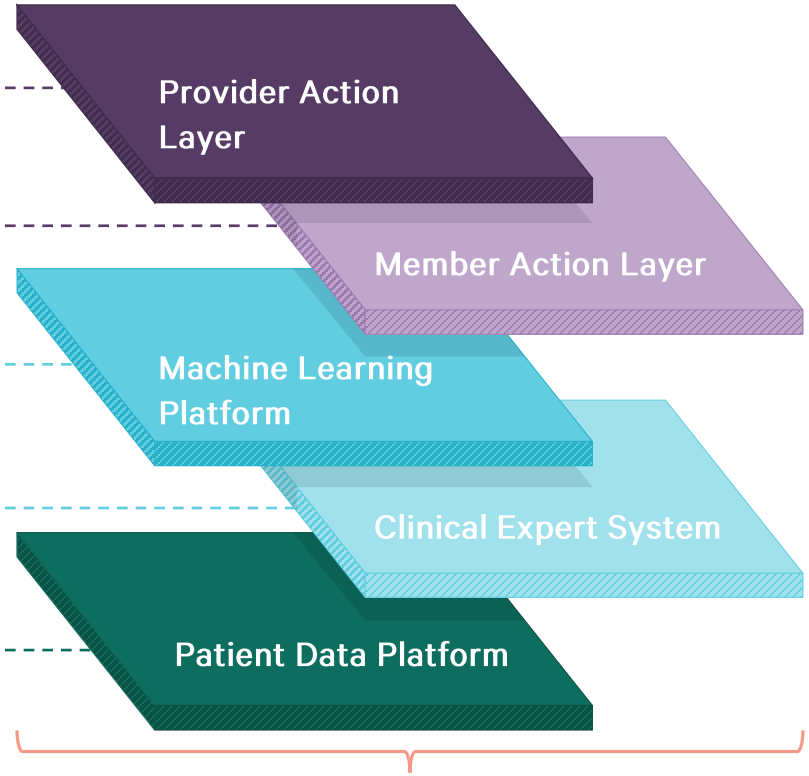
**Provider Engagement**
Provides highly-actionable clinical content to providers at the point of care.

**Member Engagement**
Matches and engages members to most appropriate clinical interventions.

**Machine Learning**
Automatically and continuously improves based on real-time closed feedback loop.

**Clinical Expert System**
Matches data to personalized, evidence-based protocols.

**Longitudinal Data Platform**
Collects, cleans, and standardizes data only available to us as an insurer.




Action

Insight

Synthesis

*Platform is built in a flexible, cloud-based architecture that is scalable across geographies, healthcare delivery systems, and IT infrastructures*

# We Can Scale At The Breadth And Speed Of Software

## Broad Market Expansion Capabilities

*Because our primary lever is deploying software, we believe we can viably address virtually any market in the country...*



## Methodical Market Prioritization

- Adjacencies: expand once landed
- Network: target markets that allow for quickest build-out of network adequacy
- Differentiation: target markets with least obvious incumbents

# COVID-19 Impact

## Patients

- Implemented **prescription medication home delivery and remote care support** to provide continued care for members
- Implemented **multi-channel member communications**, including **provider network support** for telehealth adoption, and a **nurse practitioner COVID-19 hotline**

## Physicians

- Rapidly **enhanced our CA platform** to focus on video and telephonic visits
- Targeting to **reopen field activities** in the third quarter of 2020

## Financials

- Have **incurred additional costs** during 2020 to care for members who contracted the virus
- Increased medical expenses are being **offset by the reduction in overall utilization** of healthcare services across our entire membership base; with a portion of these services believed to be deferred into near-term future

# Non-GAAP Reconciliations

| | Years ended December 31, | | Three months ended March 31, | Six months ended June 30, |
|---|---|---|---|---|
| (in millions) | 2018 | 2019 | 2020 | 2020 |
| **Net Loss** | **($201.9)** | **($363.7)** | **($28.2)** | **($22.8)** |
| Adjustments: | | | | |
| Interest Expense (including amortized debt discount) | 7.0 | 39.0 | 7.8 | 16.3 |
| Income Taxes | - | - | - | - |
| Depreciation and Amortization | 0.5 | 0.6 | 0.1 | 0.3 |
| Change in Fair Value of Warrant Expense | 8.3 | 2.9 | 2.2 | 11.9 |
| Loss (gain) on Derivative | - | 138.6 | (14.2) | (19.4) |
| Restructuring Cost | 0.9 | 3.9 | 0.6 | 2.4 |
| Stock-based Compensation | 3.6 | 3.3 | 2.0 | 3.4 |
| Health Insurance Industry Fee | 4.6 | - | 2.3 | 4.5 |
| **Adjusted EBITDA** | **($177.1)** | **($175.5)** | **($27.4)** | **($3.4)** |
| Premiums Earned, Gross | $353.9 | $457.8 | 164.0 | $334.3 |
| *Adjusted EBITDA Margin* | *(50.1%)* | *(38.3%)* | *(16.7%)* | *(1.0%)* |

A reconciliation of net loss/income to adjusted EBITDA as projected for 2020-2023 is not provided. Clover does not forecast net loss/income as it cannot, without unreasonable effort, estimate or predict with certainty various individual components of net income, including changes in the fair value of warrants or derivatives. Additionally, discrete tax items could drive variability in our projected effective tax rate. All of these components could significantly impact such financial measures. Further, in the future, other items with similar characteristics to those currently included in adjusted EBITDA, that have a similar impact on comparability of periods, and which are not known at this time, may exist and impact adjusted EBITDA. Reflects an update to presentation materials dated 9/28.

# Other Financial Measures

| | Years ended December 31, | | Six months ended June 30, |
|---|---|---|---|
| (in millions) | 2018 | 2019 | 2020 |
| Premiums Earned, Net | 286.5 | 456.9 | 334.0 |
| Ceded Premiums | 67.4 | 0.8 | 0.3 |
| **Premiums Earned, Gross** | **$353.9** | **$457.8** | **$334.3** |
| *Medical Care Ratio, Net* | *97.4%* | *98.6%* | *79.5%* |
| *Medical Care Ratio, Gross* | *97.1%* | *98.8%* | *79.6%* |