

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-40295

**ALIGNMENT HEALTHCARE, INC.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**1100 W. Town and Country Road, Suite 1600  
Orange, California**

(Address of principal executive offices)

**46-5596242**

(I.R.S. Employer  
Identification No.)

**92868**

(Zip Code)

**Registrant's telephone number, including area code: (844) 310-2247**

Securities registered pursuant to Section 12(b) of the Act:

| <b>Title of each class</b>                | <b>Trading<br/>Symbol(s)</b> | <b>Name of each exchange on which registered</b> |
|---|------------------------------|--|
| Common Stock, par value \$0.001 per share | ALHC                         | The Nasdaq Stock Market LLC                      |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated Filer | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/>            |                           |                          |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 29, 2024, the registrant had 191,198,265 shares of common stock, \$0.001 par value per share, outstanding.

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## FORWARD-LOOKING STATEMENTS

Throughout this quarterly report on Form 10-Q (this “Quarterly Report”), we make “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this Quarterly Report are forward-looking statements. Forward-looking statements give our current expectations relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “will,” “should,” “can have,” “likely” and other words and terms of similar meaning. The forward-looking statements contained in this Quarterly Report are generally located in the material set forth under the heading “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” but may be found in other locations as well. These statements are based upon management’s current expectations, assumptions and estimates and are not guarantees of timing, future results or performance. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, including:

- our history of net losses, and our ability to achieve or maintain profitability in an environment of increasing expenses;
- the effect of our relatively limited operating history on investors’ ability to evaluate our current business and future prospects;
- the viability of our growth strategy and our ability to realize expected results;
- our ability to attract new members and to successfully enter into new markets;
- the quality and pricing of our products and services;
- our ability to maintain a high rating for our plans on the Five Star Quality Rating System;
- our ability to develop and maintain satisfactory relationships with care providers that service our members;
- our ability to manage our growth effectively, execute our business plan, maintain high levels of service and member satisfaction or adequately address competitive challenges;
- our ability to compete in the healthcare industry;
- the impact on our business of security breaches, loss of data or other disruptions causing the compromise of sensitive information or preventing us from accessing critical information;
- the impact on our business of disruptions in our disaster recovery systems or management continuity planning;
- the cost of legal proceedings and litigation, including intellectual property and privacy disputes;
- our dependence on reimbursements by the Centers for Medicare and Medicaid Services (“CMS”) and premium payments by individuals;
- other risks associated with being a government contractor;
- the impact on our business of the healthcare services industry becoming more cyclical;
- our ability to manage acquisitions, divestitures and other significant transactions successfully;
- our ability to maintain, enhance and protect our reputation and brand recognition;
- our ability to effectively invest in, implement improvements to and properly maintain the uninterrupted operation and data integrity of our information technology and other business systems;

- our ability to obtain, maintain, protect and enforce intellectual property protection for our technology;
- the potential adverse impact of claims by third parties that we are infringing on, misappropriating or otherwise violating their intellectual property rights;
- the impact of any restrictions on our use of or ability to license data or our failure to license data and integrate third-party technologies;
- our dependence on our senior management team and other key employees;
- the concentration of our health plans in a limited number of U.S. states;
- our management team’s limited experience managing a public company;
- our ability to generate sufficient cash flow to service all of our indebtedness and the potential impact of certain affirmative and negative covenants in our term loan agreement on our business;
- the impact of shortages of qualified personnel and related increases in our labor costs;
- the risk that our records may contain inaccurate or unsupportable information regarding risk adjustment scores of members;
- our ability to accurately estimate incurred but not reported medical expenses;
- the impact of negative publicity regarding the managed healthcare industry;
- the impact of weather and other factors beyond our control on our clinics, the centers out of which our external providers operate, and the facilities that host our AVA platform (as defined below);
- the impact on our business of renegotiation, non-renewal or termination of risk agreements with hospitals, physicians, nurses, pharmacists and medical support staff;
- risks associated with estimating the amount of liabilities that we recognize under our risk agreements with providers;
- our ability to respond to general economic conditions, including but not limited to, increased inflation and higher interest rates;
- risks associated with an economic downturn, including pressure on governmental budgets and reduced spending for health and human service programs;
- our ability to develop and maintain proper and effective internal control over financial reporting;
- the impact of state and federal efforts to reduce Medicare spending;
- our ability to comply with applicable federal, state and local rules and regulations, including those relating to data privacy and security; and
- other factors disclosed in the section entitled “Risk Factors” and elsewhere in this Quarterly Report.

We derive many of our forward-looking statements from our operating budgets and forecasts, which are based on many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are disclosed under the sections entitled “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” in this Quarterly Report.

All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as other cautionary statements that are made from time to time in our other SEC filings and public communications. You should evaluate all forward-looking statements made in this Quarterly Report in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this Quarterly Report are made only as of the date hereof. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

**PART I—FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**Alignment Healthcare, Inc.**  
**Condensed Consolidated Balance Sheets**  
(amounts in thousands, except par value and share amounts)  
**(Unaudited)**

|  | March 31,<br>2024 | December 31,<br>2023 |
|--|-------------------|----------------------|
| <b>Assets</b>  |                   |                      |
| Current Assets:  |                   |                      |
| Cash and cash equivalents  | \$ 238,903        | \$ 202,904           |
| Accounts receivable (less allowance for credit losses of \$0 at March 31, 2024 and December 31, 2023)  | 165,071           | 119,749              |
| Investments - current  | 62,809            | 115,914              |
| Prepaid expenses and other current assets  | 53,856            | 44,970               |
| <b>Total current assets</b>  | <b>520,639</b>    | <b>483,537</b>       |
| Property and equipment, net  | 57,211            | 51,901               |
| Right of use asset, net  | 8,549             | 9,959                |
| Goodwill   | 34,826            | 34,826               |
| Intangible Assets, net   | 5,224             | 5,252                |
| Other assets   | 6,781             | 6,405                |
| <b>Total assets</b>  | <b>\$ 633,230</b> | <b>\$ 591,880</b>    |
| <b>Liabilities and Stockholders' Equity</b>  |                   |                      |
| Current Liabilities:   |                   |                      |
| Medical expenses payable   | \$ 276,464        | \$ 205,399           |
| Accounts payable and accrued expenses  | 22,671            | 23,511               |
| Accrued compensation   | 31,607            | 34,112               |
| <b>Total current liabilities</b>   | <b>330,742</b>    | <b>263,022</b>       |
| Long-term debt, net of debt issuance costs   | 162,030           | 161,813              |
| Long-term portion of lease liabilities   | 8,441             | 8,974                |
| <b>Total liabilities</b>   | <b>501,213</b>    | <b>433,809</b>       |
| Commitments and Contingencies (Note 12)  |                   |                      |
| Stockholders' Equity:  |                   |                      |
| Preferred stock, \$.001 par value; 100,000,000 shares authorized as of March 31, 2024 and December 31, 2023, respectively; no shares issued and outstanding as of March 31, 2024 and December 31, 2023                         | —                 | —                    |
| Common stock, \$.001 par value; 1,000,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 191,156,569 and 188,951,643 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively | 191               | 189                  |
| Additional paid-in capital   | 1,057,519         | 1,037,015            |
| Accumulated deficit  | (926,779)         | (880,258)            |
| <b>Total Alignment Healthcare, Inc. stockholders' equity</b>   | <b>130,931</b>    | <b>156,946</b>       |
| Noncontrolling interest  | 1,086             | 1,125                |
| <b>Total stockholders' equity</b>  | <b>132,017</b>    | <b>158,071</b>       |
| <b>Total liabilities and stockholders' equity</b>  | <b>\$ 633,230</b> | <b>\$ 591,880</b>    |

See accompanying notes to unaudited condensed consolidated financial statements.

**Alignment Healthcare, Inc.**  
**Condensed Consolidated Statements of Operations**  
**(amounts in thousands, except share and per share amounts)**  
**(Unaudited)**

|  | Three Months Ended March 31, |             |
|--|------------------------------|-------------|
|  | 2024                         | 2023        |
| <b>Revenues:</b>   |                              |             |
| Earned premiums  | \$ 621,556                   | \$ 434,812  |
| Other  | 7,045                        | 4,343       |
| Total revenues   | 628,601                      | 439,155     |
| <b>Expenses:</b>   |                              |             |
| Medical expenses   | 573,218                      | 396,315     |
| Selling, general, and administrative expenses                        | 90,512                       | 70,408      |
| Depreciation and amortization  | 5,977                        | 4,921       |
| Total expenses   | 669,707                      | 471,644     |
| Loss from operations   | (41,106)                     | (32,489)    |
| <b>Other expenses:</b>   |                              |             |
| Interest expense   | 5,427                        | 5,019       |
| Other expenses (income)  | 42                           | (138)       |
| Total other expenses   | 5,469                        | 4,881       |
| Loss before income taxes   | (46,575)                     | (37,370)    |
| Provision for income taxes   | —                            | 1           |
| Net loss   | \$ (46,575)                  | \$ (37,371) |
| Less: Net loss attributable to noncontrolling interest               | 54                           | 87          |
| Net loss attributable to Alignment Healthcare, Inc.                  | \$ (46,521)                  | \$ (37,284) |
| Total weighted-average common shares outstanding - basic and diluted | 189,005,394                  | 183,113,945 |
| Net loss per share - basic and diluted                               | \$ (0.25)                    | \$ (0.20)   |

See accompanying notes to unaudited condensed consolidated financial statements.

**Alignment Healthcare, Inc.**  
**Condensed Consolidated Statements of Stockholders' Equity**  
**(amounts in thousands, except par value and share amounts)**  
**(Unaudited)**

|   | Common Stock       |               | Additional<br>Paid-In Capital | Accumulated<br>Deficit | Noncontrolling<br>interest | Total             |
|---|--------------------|---------------|-------------------------------|------------------------|----------------------------|-------------------|
|   | Shares             | Amount        |                               |                        |                            |                   |
| <b>Balance at December 31, 2023</b>                             | 188,951,643        | \$ 189        | \$ 1,037,015                  | \$ (880,258)           | \$ 1,125                   | \$ 158,071        |
| Net loss  | —                  | —             | —                             | (46,521)               | (54)                       | (46,575)          |
| Issuance of common stock upon vesting of restricted stock units | 2,277,545          | 2             | —                             | —                      | —                          | 2                 |
| Forfeitures   | (2,799)            | —             | —                             | —                      | —                          | —                 |
| Shares withheld related to net restricted stock settlement      | (69,820)           | —             | (350)                         | —                      | —                          | (350)             |
| Equity-based compensation                                       | —                  | —             | 20,854                        | —                      | —                          | 20,854            |
| Noncontrolling interest attributable to subsidiary              | —                  | —             | —                             | —                      | 15                         | 15                |
| <b>Balance at March 31, 2024</b>                                | <u>191,156,569</u> | <u>\$ 191</u> | <u>\$ 1,057,519</u>           | <u>\$ (926,779)</u>    | <u>\$ 1,086</u>            | <u>\$ 132,017</u> |

|   | Common Stock       |               | Additional<br>Paid-In Capital | Accumulated<br>Deficit | Noncontrolling<br>interest | Total             |
|---|--------------------|---------------|-------------------------------|------------------------|----------------------------|-------------------|
|   | Shares             | Amount        |                               |                        |                            |                   |
| <b>Balance at December 31, 2022</b>                             | 187,280,015        | \$ 187        | \$ 970,180                    | \$ (732,241)           | \$ 1,176                   | \$ 239,302        |
| Net loss  | —                  | —             | —                             | (37,284)               | (87)                       | (37,371)          |
| Issuance of common stock upon vesting of restricted stock units | 1,204,777          | 1             | —                             | —                      | —                          | 1                 |
| Forfeitures   | (9,514)            | —             | —                             | —                      | —                          | —                 |
| Equity-based compensation                                       | —                  | —             | 21,978                        | —                      | —                          | 21,978            |
| Noncontrolling interest attributable to subsidiary              | —                  | —             | —                             | —                      | 30                         | 30                |
| <b>Balance at March 31, 2023</b>                                | <u>188,475,278</u> | <u>\$ 188</u> | <u>\$ 992,158</u>             | <u>\$ (769,525)</u>    | <u>\$ 1,119</u>            | <u>\$ 223,940</u> |

See accompanying notes to unaudited condensed consolidated financial statements.



**Alignment Healthcare, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(amounts in thousands)**  
**(Unaudited)**

|   | Three Months Ended March 31, |             |
|---|------------------------------|-------------|
|   | 2024                         | 2023        |
| <b>Operating Activities:</b>  |                              |             |
| Net loss  | \$ (46,575)                  | \$ (37,371) |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities: |                              |             |
| Provision for credit loss   | —                            | 1           |
| Loss on right of use assets   | 143                          | —           |
| Depreciation and amortization   | 6,029                        | 4,982       |
| Amortization-investment discount  | (1,153)                      | (351)       |
| Amortization-debt issuance costs  | 520                          | 305         |
| Equity-based compensation   | 20,854                       | 21,978      |
| Non-cash lease expense  | 472                          | 717         |
| Changes in operating assets and liabilities:  |                              |             |
| Accounts receivable   | (45,322)                     | (32,387)    |
| Prepaid expenses and other current assets   | (8,886)                      | (15,786)    |
| Other assets  | (114)                        | 4           |
| Medical expenses payable  | 71,065                       | 15,535      |
| Accounts payable and accrued expenses   | 48                           | (9,211)     |
| Deferred premium revenue  | (59)                         | 140,773     |
| Accrued compensation  | (2,505)                      | (2,966)     |
| Lease liabilities   | (755)                        | (1,113)     |
| Net cash (used in) provided by operating activities                                       | (6,238)                      | 85,110      |
| <b>Investing Activities:</b>  |                              |             |
| Purchase of investments   | (21,564)                     | (104,243)   |
| Maturities of investments   | 75,390                       | 1,100       |
| Acquisition of property and equipment   | (11,121)                     | (7,285)     |
| Net cash provided by (used in) investing activities                                       | 42,705                       | (110,428)   |
| <b>Financing Activities:</b>  |                              |             |
| Payment of employment taxes related to release of restricted stock                        | (350)                        | —           |
| Contributions from noncontrolling interest holders  | 15                           | 30          |
| Net cash (used in) provided by financing activities                                       | (335)                        | 30          |
| Net increase (decrease) in cash   | 36,132                       | (25,288)    |
| Cash, cash equivalents and restricted cash at beginning of period                         | 204,954                      | 411,299     |
| Cash, cash equivalents and restricted cash at end of period                               | \$ 241,086                   | \$ 386,011  |
| <b>Supplemental disclosure of cash flow information:</b>                                  |                              |             |
| Cash paid for interest  | \$ 5,175                     | \$ 4,277    |
| <b>Supplemental non-cash investing and financing activities:</b>                          |                              |             |
| Acquisition of property in accounts payable   | \$ 156                       | \$ 10       |

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets to the total above:

|                                 | <u>March 31, 2024</u> | <u>March 31, 2023</u> |
|---------------------------------|-----------------------|-----------------------|
| Cash and cash equivalents       | \$ 238,903            | \$ 384,261            |
| Restricted cash in other assets | 2,183                 | 1,750                 |
| Total                           | <u>\$ 241,086</u>     | <u>\$ 386,011</u>     |

See accompanying notes to unaudited condensed consolidated financial statements.

**Alignment Healthcare, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**(amounts in thousands, except share amounts)**

**1. Organization**

Alignment Healthcare, Inc. (collectively, “we” or “us” or “our” or the “Company”), is a next generation, consumer-centric health care platform that is purpose-built to provide seniors with high quality, affordable care with a vastly improved consumer experience. Enabled by our innovative technology and care delivery model, the Company focuses on improving outcomes in the Medicare Advantage sector. The Company’s operations primarily consist of Medicare Advantage Plans in the states of California, North Carolina, Nevada, Arizona, Florida and Texas.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying condensed consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The balance sheet as of December 31, 2023, included herein, was derived from audited financial statements, but does not include all disclosures required by GAAP. In accordance with the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”), the Company has omitted certain footnote disclosures that would substantially duplicate the disclosures contained in its annual audited consolidated financial statements. Therefore, these condensed consolidated financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year-ended December 31, 2023 as filed with the SEC. Furthermore, the condensed consolidated financial statements include the accounts of the Company, our subsidiaries, and three immaterial variable interest entities in which we are the primary beneficiary. All intercompany transactions have been eliminated in consolidation. Noncontrolling interest is presented within the equity section of the condensed consolidated balance sheets.

We have no components of other comprehensive income (loss), and accordingly, comprehensive income (loss) is the same as the net income (loss) for all periods presented.

***Use of Estimates***

The preparation of the condensed consolidated financial statements requires management to make estimates and judgments that affect the amounts reported in the condensed consolidated financial statements. Our significant estimates include, but are not limited to, the determination of medical expenses payable; the impact of risk adjustment provisions related to our Medicare contracts; collectability of receivables; valuation of related impairment recognition of long-lived assets, including goodwill and intangible assets; equity-based compensation expense; and contingent liabilities. Estimates and judgments are based upon historical information and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ materially from those estimates and the impact of any change in estimates is included in earnings in the period in which the estimate is adjusted.

***Segments***

We have determined that our chief executive officer is the chief operating decision maker (“CODM”) who regularly reviews financial operating results on a consolidated basis for purposes of allocating resources and evaluating financial performance. We operate and manage the business as one reportable segment and one operating segment, which is to provide healthcare services to our seniors. Factors used in determining the reportable segment include the nature of operating activities, our organizational and reporting structure, and the type of information reviewed by the CODM to allocate resources and evaluate financial performance. All of our assets are located in the United States.

***Fair Value Measurements***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Our current assets and current liabilities approximate fair value because of the

short-term nature of these financial instruments. Financial instruments measured at fair value on a recurring basis were based upon a three-tier hierarchy as follows:

**Level 1** - Quoted prices in active markets for identical assets or liabilities

**Level 2** - Other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability

**Level 3** - Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date

The fair value of cash, cash equivalents, restricted cash and U.S. Treasury bills was determined based on Level 1 inputs. The fair value of certificate of deposits, which are recorded in other assets in the condensed consolidated balance sheets, was determined based on Level 2 inputs. There were no assets or liabilities measured at fair value using Level 3 inputs as of March 31, 2024 and December 31, 2023. Our long-term debt was reported at carrying value.

### **Revenue and Accounts Receivable**

Earned premium revenue consisted of premium revenue and capitation revenue for the three months ended March 31, 2024 and 2023 were as follows:

|            | Three Months Ended |            |
|------------|--------------------|------------|
|            | March 31,          |            |
|            | 2024               | 2023       |
| Premium    | \$ 619,722         | \$ 399,740 |
| Capitation | 1,834              | 35,072     |
| Total      | \$ 621,556         | \$ 434,812 |

Premium revenue is derived monthly from the federal government based on our contracts with the Centers for Medicare and Medicaid Services ("CMS"). In accordance with these arrangements, we assume the responsibility for the outcomes and the economic risk of funding our members' health care, supplemental benefits and related administration costs. We recognize premium revenue in the month that members are entitled to receive health care services, and premiums collected in advance are deferred. The monthly reimbursement includes a fixed payment per member per month ("PMPM"), which is adjusted based on certain risk factors derived from medical diagnoses and conditions of our members. The adjustments are estimated by projecting the ultimate annual premium and are recognized ratably during the year, with adjustments each period to reflect changes in the estimated ultimate premium. Premiums are also recorded net of estimated uncollectible amounts and retroactive membership adjustments.

Capitation revenue consists primarily of capitated fees for medical care services provided by us under arrangements with third-party payors. In 2023, capitation revenue consisted primarily of revenue from CMS related to our participation in the CMS "ACO Realizing Equity, Access, and Community Health Model" or "ACO REACH" model, as discussed below.

Under those arrangements with third-party payors, we receive a PMPM payment for a defined member population, and we are responsible for providing health care services to the member population over the contract period. We are solely responsible for the cost of health care services related to the member population and in some cases, we are financially responsible for the supplemental benefits provided by us to the members. We act as a principal in arranging for and controlling the services provided by our provider network and we are at risk for arranging and providing health care services.

The premium and capitation payments we receive monthly from CMS for our members are determined from our annual bid or similarly from third-party payors under our capitation arrangement. These payments represent revenues for providing health care coverage, including Medicare Part D benefits. Under the Medicare Part D program, our members and the members of the third-party payors receive standard drug benefits. We may also provide enhanced benefits at our own expense. We recognize premium or capitation revenue for providing this insurance coverage in the month that members are entitled to receive health care services and any premium or capitation collected in advance is deferred. Our CMS payment related to Medicare Part D is subject to risk sharing through the Medicare Part D risk corridor provisions.

We also participate in the CMS ACO REACH program, formerly the Direct Contracting Model ("DCE"). CMS serves as the claim adjudicator for institutional and specialists care, and directly pays for such fee for service claims. The ACO REACH entity ("ACO") is responsible for the cost of health care services related to the patient population attributed to the ACO by participating in 100% savings/losses via the risk share model and in some cases, are financially responsible for the supplemental benefits provided to the patients. In 2024, we entered into a management services and risk management agreement with a third-party healthcare company. The third party will be responsible for arranging and controlling the health care services provided to the ACO members, and for providing certain management and support services with respect to ACO operations. The third party will also assume specified upside and downside financial risk relative to the ACO's performance. As a result of this arrangement, revenue is recorded on a net basis within other revenue on the condensed consolidated statement of operations for the three months ended March 31, 2024. Revenue recognized by the ACO for the three months ended March 31, 2024 was \$985.

Prior to 2024, the ACO acted as a principal in arranging for and controlling services provided directly by their contracts with primary care physicians, as well as services provided by preferred institutional care providers and specialists. Capitation payments for the ACO program were determined from an annual benchmark established by CMS. These payments, which were adjusted for variable considerations, represented revenue for providing health care services, including primary care as well as institutional and specialist care. The ACO recognized capitation revenue for providing these services in the period in which the performance obligations were satisfied by transferring services to the members. Revenue recognized by the ACO for the three months ended March 31, 2023 was \$32,114.

Interest income earned on our cash deposits and short-term investments is included within other revenue on the condensed consolidated statements of operations. Interest income for the three months ended March 31, 2024 and 2023 was \$5,443 and \$3,717, respectively.

### ***Revenue Adjustments***

Payments by CMS to health plans are determined via a competitive bidding process with CMS and are based upon the cost of care in a local market and the average utilization of services by the member enrolled. These payments are subject to periodic adjustments under CMS' "risk adjustment model," which compensates health plans based on the health severity and certain demographic factors of each individual member. Members diagnosed with certain conditions are paid at a higher monthly payment than members who are healthier. Under this risk adjustment model, CMS calculates the risk adjustment payment using diagnosis data from hospital inpatient, hospital outpatient, and physician treatment settings. The Company and health care providers collect, capture, and submit the necessary and available diagnosis data to CMS within prescribed deadlines. Both premium and capitation revenues (including Medicare Part D) are subject to adjustments under the risk adjustment model.

Throughout the year, we estimate risk adjustment payments based upon the diagnosis data submitted and expected to be submitted to CMS. Those estimated risk adjustment payments are recorded as an adjustment to premium and capitation revenue. Our risk adjustment data is also subject to review by the government, including audit by regulators.

Our recognized premium revenue for our Medicare Advantage Plans in California, North Carolina, Nevada, Arizona, Texas and Florida are each subject to a minimum annual medical loss ratio ("MLR") of 85%. The MLR represents medical costs as a percentage of premium revenue. The Code of Federal Regulations defines what constitutes medical costs and premium revenue, including certain additional expenses related to improving the quality of care provided, and the exclusion of certain taxes and fees, in each case as permitted or required by CMS and applicable regulatory requirements. If the minimum MLR is not met, we are required to remit a portion of the premiums back to the federal government. The amount remitted, if any, is recognized as an adjustment to premium revenues in the condensed consolidated statements of operations. The amounts payable under this provision were immaterial at March 31, 2024 and December 31, 2023.

Medicare Part D payments are also subject to a federal risk corridor program, which limits a health plan's overall losses or profit if actual spending for basic Medicare Part D benefits is much higher or lower than what was anticipated. Risk corridor is recorded within premium revenue. The risk corridor provisions compare costs targeted in our bids or third-party payors' bids to actual prescription drug costs, limited to actual costs that would have been incurred under the standard coverage as defined by CMS. Variances exceeding certain thresholds may result in CMS or third-party payors making additional payments to us or require us to refund a portion of the premiums we received. We estimate and recognize an adjustment to premium revenue related to these provisions based upon pharmacy claims experience. We record a receivable or payable at the contract level and classify the amount as current or long-term in our condensed consolidated balance sheet based on the timing of expected settlement.

Variable consideration estimates related to ACO contract revenue are based on the most likely outcome method and that a significant reversal in the amount of cumulative revenue recognized would not occur.

Receivables, including risk adjusted premium due from the government or through third-party payors, pharmacy rebates, and other receivables, are shown net of allowances for credit losses and retroactive membership adjustments.

#### ***Property and Equipment—Net***

Depreciation expense is computed using the straight-line method generally based on the following estimated useful lives:

| Description                    | Estimated Service Lives (years) |
|--------------------------------|---------------------------------|
| Computer and equipment         | 5                               |
| Office equipment and furniture | 5-7                             |
| Software                       | 3-5                             |
| Leasehold improvements         | 15 (or lease term, if shorter)  |

Depreciation expense related to property and equipment used to service our members or at our clinics are included within medical expenses in the condensed consolidated statements of operations.

#### ***Medical Expenses***

Medical expenses include claim payments, capitation payments, pharmacy costs net of rebates, allocations of certain centralized expenses, internal care delivery expenses and various other costs incurred to provide health insurance coverage and care to members, as well as estimates of future payments to hospitals and others for medical care and other supplemental benefits provided.

We have contracts with a network of hospitals, physicians, and other providers and compensate those providers and ancillary organizations based on contractual arrangements or CMS Medicare compensation guidelines. We pay these contracting providers either through fee-for-service arrangement in which the provider is paid negotiated rates for specific services provided or a capitation payment, which represent monthly contractual fees disbursed for each member regardless of medical services provided to the member. We are responsible for the entirety of the cost of health care services related to the member population, in addition to supplemental benefits provided by us to our seniors. In 2023, we also recorded claims expenses related to our institutional and specialist care related to our ACO program with CMS as we acted as the principal in the transaction. As discussed above, beginning in 2024, claims expense related to the ACO program is netted against ACO revenue as we act as the agent in these transactions.

Capitation-related expenses are recorded on an accrual basis during the coverage period. Expenses related to fee-for-service contracts are recorded in the period in which the related services are dispensed.

Pharmacy costs represent payments for members' prescription drug benefits, net of rebates from drug manufacturers. Receivables for such pharmacy rebates are included in accounts receivable in the condensed consolidated balance sheet.

In August 2022, the Inflation Reduction Act ("IRA") was signed into law. The law intends to increase tax revenue and reduce Medicare costs through lower prescription drug prices, inflation rebates, and capping annual Medicare Part D out of pocket expenses. The provisions of the law are set to take effect over the next seven years. There was no material impact on our consolidated financial statements at March 31, 2024, and we do not anticipate a material impact to operations for the remainder of fiscal year 2024. We are in the process of evaluating the impact the IRA will have on our business for fiscal years beyond 2024.

#### ***Medical Expenses Payable***

Medical expenses payable includes estimates of our obligations for medical care services that have been rendered on behalf of our members and the members of the third-party payors, but for which claims have either not yet been received or processed, loss adjustment expense reserve for the expected costs of settling these claims, and for liabilities related to physician, hospital, and other medical cost disputes.

We develop estimates for medical expenses incurred but not yet paid (“IBNP”), which includes an estimate for claims incurred but not reported (“IBNR”) and a payable for adjudicated claims. IBNR is estimated using an actuarial process that is consistently applied and centrally controlled. Medical expenses payable also includes an estimate for the costs necessary to process unpaid claims at the end of each period. We estimate the IBNR liability using actuarial methods that are commonly used by health insurance actuaries and meet Actuarial Standards of Practice. These actuarial methods consider factors, such as cost trends and completion factors that are assessed based on historical data for payment patterns, product mix, seasonality, utilization of health care services, and other relevant factors. Each period, we re-examine previously established IBNR estimates based on actual claim submissions and other changes in facts and circumstances. As the IBNR estimates recorded in prior periods develop, we adjust the amount of the estimates and include the changes in estimates in medical expenses in the period in which the change is identified.

Actuarial Standards of Practice generally require that the IBNP estimates be adequate to cover obligations under moderately adverse conditions. Moderately adverse conditions are situations in which the actual claims are expected to be higher than the otherwise estimated value of such claims at the time of estimate. In many situations, the claims amount ultimately settled will be different than the estimate that satisfies the Actuarial Standards of Practice. We include in our IBNP an estimate for medical claims liability under moderately adverse conditions, which represents the risk of adverse deviation of the estimates in our actuarial method of reserving. We believe that medical expenses payable is adequate to cover future claims payments required. However, such estimates are based on knowledge of current events and anticipated future events. Therefore, the actual liability could differ materially from the amounts provided.

We reassess the profitability of contracts for providing coverage to members when current operating results or forecasts indicate probable future losses. A premium deficiency reserve is established in current operations to the extent that the sum of expected future costs, claim adjustment expenses, and maintenance costs exceed related future premiums under contracts without consideration of investment income. For purposes of determining premium deficiencies, contracts are grouped in a manner consistent with the method of acquiring, servicing, and measuring the profitability of such contracts. Losses recognized as a premium deficiency result in a beneficial effect in subsequent periods as operating losses under these contracts are charged to the liability previously established.

#### ***Part D Subsidies***

We also receive advance payments each month from CMS related to Catastrophic Reinsurance, Coverage Gap Discount, and the Low-Income Member Cost Sharing Subsidy (“Subsidies”). Reinsurance subsidies represent funding from CMS for our portion of prescription drug costs, which exceed the member’s out-of-pocket threshold or the catastrophic coverage level. Low-income cost subsidies represent funding from CMS for all or a portion of the deductible, the coinsurance and co-payment amounts above the out-of-pocket threshold for low-income beneficiaries. Additionally, the Health Care Reform Law mandates consumer discounts of 75% on brand-name prescription drugs for Part D plan participants in the coverage gap. The majority of the discounts are funded by the pharmaceutical manufacturers, while we fund a smaller portion and administer the application of the total discount.

These Subsidies represent cost reimbursements under the Medicare Part D program and are recorded as deposits or payables. These Subsidies received in excess of, or less than, actual subsidized benefits paid are refundable to or recoverable from CMS through an annual reconciliation process following the end of the contract year.

#### ***Shared Risk Reserve Arrangements***

We established a fund (also referred to as “a pool”) for risk and profit-sharing with various independent physician associations (“IPAs”). The pool enables us and our IPAs to share in the financial responsibility and/or upside associated with providing covered medical expenses to our members. The risk pool is based on a contractually agreed upon medical budget, typically based upon a percentage of revenue. If actual medical expenses are less than the budgeted amount, this results in a surplus. Conversely, if actual medical expenses are greater than the budgeted amount, this results in a deficit. We will distribute the surplus, or a portion thereof, to each IPA based upon contractual terms. Deficits are charged to shared risk providers’ risk pool as per the contractual term and evaluated for collectability at each reporting period.

We record risk-sharing receivables and payables on a gross basis on the condensed consolidated balance sheet. Throughout the year, we evaluate expected losses on risk-sharing receivables and record the resulting expected losses to the reserve. We systematically build and release reserves based on adequacy and its assessment of expected losses on a monthly basis. Credit loss associated with risk share deficit receivables are recorded within medical expense in the condensed consolidated statements of operations. As of March 31, 2024 and December 31, 2023, we recorded a valuation allowance for

substantially all of the risk-sharing receivable balance due to collection risk related to the balance. The risk-sharing payable is included within medical expenses payable on the condensed consolidated balance sheet.

### ***Concentrations of Credit Risk***

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash deposits and current and restricted investments with financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to certain limits. At March 31, 2024 and December 31, 2023, there was \$300,243 and \$316,977, respectively, in excess of FDIC-insured limits.

### ***Equity-Based Compensation***

Equity-based compensation expense is measured and recognized based on the grant date fair value of the awards. The grant date fair value of stock options is estimated using the Black-Scholes option pricing model. The grant date fair value of restricted stock units (“RSUs”) and restricted stock awards (“RSAs”) is estimated based on the fair value of our underlying common stock.

The Black-Scholes option pricing model requires the use of highly subjective assumptions, including the award’s expected term, the fair value of the underlying common stock, the expected volatility of the price of the common stock, risk-free interest rates, and the expected dividend yield of the common stock. The assumptions used to determine the fair value of the stock-based awards are management’s best estimates and involve inherent uncertainties and the application of judgment. The expected term represents the period the stock-based awards are expected to be outstanding. As we do not have sufficient historical experience for determining the expected term of the stock option awards granted, we utilize the simplified method available under U.S. GAAP. As we do not have a substantial trading history, volatility assumptions were developed using a combination of the Company’s historical volatility and the historical volatilities of a set of peer companies, adjusted for debt-equity leverage. Equity-based compensation expense for awards with service-based vesting only is recognized on a graded vesting schedule over the requisite service period of the awards, which is generally four years.

Equity-based compensation expense for RSU awards with performance-based vesting is recognized over the requisite service period on a graded vesting schedule and is only recognized when the Company concludes that it is probable that the performance condition(s) will be achieved. At each reporting period, the Company reassesses the probability of achieving the performance criteria. Determining whether the performance criteria will be achieved involves judgment, and the estimate of share-based compensation expense may be revised periodically based on changes in the probability of achieving the performance criteria. Revisions are reflected in the period in which the estimate is changed. We account for forfeitures as they occur.

Equity-based compensation is recorded within selling, general and administrative expenses, and medical expenses based on the function of the applicable employee and non-employee.

### ***Noncontrolling interest***

In October 2022, the Company acquired a subsidiary and recorded a noncontrolling interest for the portion of equity ownership not attributable to Alignment Healthcare, Inc. The noncontrolling interest in the subsidiary was initially recognized at estimated fair value on October 1, 2022 and is presented within total equity in the Company’s condensed consolidated balance sheet. The net loss attributable to this noncontrolling interest was \$54 and \$87 for the three months ended March 31, 2024 and 2023, respectively.



**Net Loss per Share**

Net loss per share is calculated based on net loss attributable to Alignment Healthcare, Inc.'s stockholders. The following table sets forth the computation of basic and diluted net loss per share for the three months ended March 31, 2024 and 2023:

|  | Three Months Ended<br>March 31, |             |
|--|---------------------------------|-------------|
|  | 2024                            | 2023        |
| <b>Numerator:</b>  |                                 |             |
| Net loss   | \$ (46,575)                     | \$ (37,371) |
| Less: Net loss attributable to noncontrolling interests  | 54                              | 87          |
| Net loss attributable to Alignment Healthcare, Inc.  | \$ (46,521)                     | \$ (37,284) |
| <b>Denominator:</b>  |                                 |             |
| Total weighted-average common shares outstanding - basic and diluted   | 189,597,668                     | 187,557,349 |
| Less: Restricted shares of common stock  | (592,274)                       | (4,443,404) |
| Total weighted-average common shares outstanding, net of restricted shares of common stock - basic and diluted | 189,005,394                     | 183,113,945 |
| <b>Net loss per share:</b>   |                                 |             |
| Net loss per share - basic and diluted   | \$ (0.25)                       | \$ (0.20)   |

Basic net loss per share is the same as diluted net loss per share for periods presented as the inclusion of all potentially dilutive shares would have been anti-dilutive.

In addition to the restricted shares of common stock, we also excluded the following potential common shares, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share as of March 31, 2024 and 2023:

|                        | March 31,  |            |
|------------------------|------------|------------|
|                        | 2024       | 2023       |
| Stock options          | 9,023,343  | 10,584,124 |
| Restricted stock units | 22,767,035 | 10,004,845 |
| Total                  | 31,790,378 | 20,588,969 |

**Recent Accounting Pronouncements Issued**

In November 2023, the FASB issued a new accounting standard around segment disclosures. The new standard requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and provide, in interim periods, all disclosures about a reportable segment's profit or loss and assets that are currently required annually. Additionally, it requires a public entity to disclose the title and position of the Chief Operating Decision Maker. The ASU does not change how a public entity identifies its operating segments, aggregates them, or applies the quantitative thresholds to determine its reportable segments. The new standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. A public entity should apply the amendments in this ASU retrospectively to all prior periods presented in the financial statements. We expect this ASU to only impact our disclosures with no impacts to our results of operations, cash flows and financial condition.

### 3. Fair Value

The following tables present the carrying value and fair value of these financial instruments as of March 31, 2024 and December 31, 2023:

|                         | March 31, 2024   |                  |                 |             |
|-------------------------|------------------|------------------|-----------------|-------------|
|                         | Carrying Value   | Fair Value       |                 |             |
|                         |                  | Level 1          | Level 2         | Level 3     |
| U.S. Treasury bills     | \$ 82,489        | \$ 82,414        | \$ —            | \$ —        |
| Certificate of deposits | 2,320            | —                | 2,320           | —           |
| <b>Total</b>            | <b>\$ 84,809</b> | <b>\$ 82,414</b> | <b>\$ 2,320</b> | <b>\$ —</b> |

  

|                         | December 31, 2023 |                   |                 |             |
|-------------------------|-------------------|-------------------|-----------------|-------------|
|                         | Carrying Value    | Fair Value        |                 |             |
|                         |                   | Level 1           | Level 2         | Level 3     |
| U.S. Treasury bills     | \$ 117,337        | \$ 117,310        | \$ —            | \$ —        |
| Certificate of deposits | 1,755             | —                 | 1,755           | —           |
| <b>Total</b>            | <b>\$ 119,092</b> | <b>\$ 117,310</b> | <b>\$ 1,755</b> | <b>\$ —</b> |

The carrying value of long-term debt represents the outstanding balance, net of unamortized debt issuance costs. As of March 31, 2024 and December 31, 2023, the fair value of our long-term debt approximates the carrying value.

Our nonfinancial assets and liabilities, which include goodwill, intangible assets, property, and equipment, are not required to be measured at fair value on a recurring basis. However, on a periodic basis, or whenever events or changes in circumstances indicate that their carrying value may not be recoverable, we assess these assets for impairment. There was no such impairment as of March 31, 2024 and December 31, 2023.

#### U.S. Treasury Securities Investments

As of March 31, 2024 and December 31, 2023, the Company had \$62,759 and \$115,914, respectively, of investments in U.S. Treasury bills which were classified as held to maturity and carried at amortized cost. These investments are included in short-term investments in the condensed consolidated balance sheets as the original maturities are greater than three months and less than twelve months. The Company has the intent and ability to hold these securities to maturity and gross unrecognized losses were \$9.

As of March 31, 2024 and December 31, 2023, the Company had \$18,281 and \$22,232, respectively, of investments in U.S. Treasury bill money market funds with an original maturity of less than three months. These investments are considered cash equivalents and are included in cash and cash equivalents in the condensed consolidated balances sheets.

#### Restricted Investments

Restricted investments are composed of investments in U.S. Treasury bills and certificates of deposits and are included within other assets in the condensed consolidated balance sheets. As of March 31, 2024 and December 31, 2023, the Company had \$1,449 and \$1,423 of restricted investments in U.S. Treasury bills and \$2,320 and \$1,755 of restricted investments in certificates of deposits, respectively. The Company has the intent and ability to hold these investments until maturity; therefore, these investments are stated at amortized cost. Restricted investments are required to be maintained at a financial institution within certain states. As of March 31, 2024 and December 31, 2023, these investments had maturities with less than 12 months. Due to the nature of the state's requirements, these assets are classified as noncurrent assets regardless of the contractual maturity date.

#### 4. Accounts Receivable

Accounts receivable consisted of the following as of March 31, 2024 and December 31, 2023:

|                             | March 31,<br>2024 | December 31,<br>2023 |
|-----------------------------|-------------------|----------------------|
| Government receivables      | \$ 70,106         | \$ 35,529            |
| Pharmacy rebate receivables | 84,422            | 75,894               |
| Other receivables           | 10,543            | 8,326                |
| Total accounts receivable   | 165,071           | 119,749              |
| Allowance for credit losses | —                 | —                    |
| Accounts receivable, net    | \$ 165,071        | \$ 119,749           |

The allowance for expected credit losses for accounts receivable is based primarily on past collections experience relative to the length of time receivables are past due. However, when available evidence reasonably supports an assumption that future economic conditions will differ from current and historical payment collections, an adjustment is reflected in the allowance for expected credit losses. We record pharmacy rebates and other receivables based on contractual terms and expected collections and our estimation process for contractual allowances for such balances generally results in an allowance for balances outstanding greater than 90 days or if expected credit risks are known.

Receivables and any associated allowance are written off only when all collection attempts have failed and such amounts are determined unrecoverable. We regularly review the adequacy of these allowances based on a variety of factors, including age of the outstanding receivable and collection history. When circumstances related to specific collection patterns change, estimates of the recoverability of receivables are adjusted. Because substantially all of our receivable amounts are readily determinable and a large portion of our creditors are governmental authorities, our allowance for credit losses is insignificant.

We recorded credit loss related to accounts receivable of \$0 and \$1 during the three months ended March 31, 2024 and 2023, respectively. The amounts were recorded in selling general, and administrative expenses in the condensed consolidated statements of operations.

#### 5. Property and Equipment

Property and equipment consisted of the following as of March 31, 2024 and December 31, 2023:

|                                | March 31,<br>2024 | December 31,<br>2023 |
|--------------------------------|-------------------|----------------------|
| Computers and equipment        | \$ 11,830         | \$ 11,447            |
| Office equipment and furniture | 4,397             | 4,396                |
| Software                       | 157,305           | 148,864              |
| Leasehold improvements         | 6,347             | 6,347                |
| Construction in progress       | 6,984             | 4,532                |
| Subtotal                       | 186,863           | 175,586              |
| Less accumulated depreciation  | (129,652)         | (123,685)            |
| Property and equipment-net     | \$ 57,211         | \$ 51,901            |

Depreciation expense for the three months ended March 31, 2024 and 2023 was \$6,001 and \$4,885, respectively, of which \$52 and \$61, respectively, were included in medical expenses.

## 6. Goodwill and Intangible Assets

Intangible assets consisted of the following as of March 31, 2024 and December 31, 2023:

|                            | March 31, 2024       |                          |                    |                       |
|----------------------------|----------------------|--------------------------|--------------------|-----------------------|
|                            | Gross Carrying Value | Accumulated Amortization | Net Carrying Value | Weighted Average Life |
| Goodwill                   | \$ 34,826            | \$ —                     | \$ 34,826          | —                     |
| License (indefinite lived) | 4,967                | —                        | 4,967              | —                     |
| Plan member relationships  | 2,700                | (2,700)                  | —                  | 9 years               |
| Other                      | 1,050                | (793)                    | 257                | 2 - 10 years          |
| <b>Total</b>               | <b>\$ 43,543</b>     | <b>\$ (3,493)</b>        | <b>\$ 40,050</b>   |                       |

|                            | December 31, 2023    |                          |                    |                       |
|----------------------------|----------------------|--------------------------|--------------------|-----------------------|
|                            | Gross Carrying Value | Accumulated Amortization | Net Carrying Value | Weighted Average Life |
| Goodwill                   | \$ 34,826            | \$ —                     | \$ 34,826          | —                     |
| License (indefinite lived) | 4,967                | —                        | 4,967              | —                     |
| Plan member relationships  | 2,700                | (2,700)                  | —                  | 9 years               |
| Other                      | 1,050                | (765)                    | 285                | 2 - 10 years          |
| <b>Total</b>               | <b>\$ 43,543</b>     | <b>\$ (3,465)</b>        | <b>\$ 40,078</b>   |                       |

Amortization expense relating to intangible assets for the three months ended March 31, 2024 and 2023, was \$28 and \$97, respectively. Estimated amortization expense relating to intangible assets for each of the next five years ending December 31, is as follows:

|                   |               |
|-------------------|---------------|
| Remainder of 2024 | \$ 54         |
| 2025              | 60            |
| 2026              | 60            |
| 2027              | 60            |
| 2028              | 23            |
|                   | <b>\$ 257</b> |

There were no impairment charges related to goodwill and intangible assets for the three months ended March 31, 2024 and 2023.

## 7. Medical Expenses Payable

The following table is a detail of medical expenses payable as of March 31, 2024 and December 31, 2023:

|                                     | March 31, 2024    | December 31, 2023 |
|-------------------------------------|-------------------|-------------------|
| Claims incurred but not paid        | \$ 129,245        | \$ 95,664         |
| Capitation and risk-sharing payable | 71,946            | 50,894            |
| Other                               | 75,273            | 58,841            |
| <b>Medical expenses payable</b>     | <b>\$ 276,464</b> | <b>\$ 205,399</b> |

Each period, we re-examine previously established outstanding claims reserve estimates based on actual claims submissions and other changes in facts and circumstances. As more complete claim information becomes available, we adjust the amount of the estimates and include the changes in estimates in claim costs in the period in which the change is identified. Substantially, all of the total claims paid by us are known and settled within the first year from the date of service, and substantially, all remaining claim amounts are paid within a three-year period.

The following table presents components of the change in medical expenses payable as of March 31, 2024 and 2023:

|   | March 31,<br>2024 | March 31,<br>2023 |
|---|-------------------|-------------------|
| Claims incurred but not paid - beginning balance    | \$ 95,664         | \$ 88,813         |
| Incurred related to:                                |                   |                   |
| Current year  | 198,675           | 116,992           |
| Prior years   | (4,969)           | (5,809)           |
| Total incurred, net of reinsurance                  | 193,706           | 111,183           |
| Payments related to:                                |                   |                   |
| Current year  | 91,486            | 57,500            |
| Prior years   | 68,639            | 59,383            |
| Total payments, net of reinsurance                  | 160,125           | 116,883           |
| Claims incurred but not paid - ending balance       | 129,245           | 83,113            |
| Capitation payable, risk-sharing payable, and other | 147,219           | 102,557           |
| Total medical expenses payable                      | \$ 276,464        | \$ 185,670        |

We re-examine previously established outstanding claims reserve estimates based on actual claims submissions and other changes in facts and circumstances. We recognized a favorable prior year development, excluding provision for adverse deviation, of \$871 for the three months ended March 31, 2024. The favorable prior year development was primarily due to better-than-expected claims recoveries and actual claims expense being less than expected.

## 8. Long-Term Debt

Long-term debt is recorded at carrying value in the condensed consolidated balance sheets. The carrying value of long-term debt outstanding, net of unamortized debt issuance costs, consisted of the following as of March 31, 2024 and December 31, 2023:

|   | March 31,<br>2024 | December 31,<br>2023 |
|---|-------------------|----------------------|
| Long-term debt                          | \$ 165,000        | \$ 165,000           |
| Less unamortized debt issuance costs    | (2,970)           | (3,187)              |
| Long-term debt-net of amortization      | 162,030           | 161,813              |
| Less current portion of long-term debt  | —                 | —                    |
| Long-term debt - net of current portion | \$ 162,030        | \$ 161,813           |

### *Oxford Term Loan*

On September 2, 2022 (the "Effective Date"), Alignment Healthcare USA, LLC entered into a senior secured term loan agreement (the "Oxford Loan Agreement") with Oxford Finance LLC ("Oxford"), as administrative agent, collateral agent and a lender, and the other lenders from time to time party thereto (collectively, the "Lenders"), pursuant to which the Lenders have agreed to lend an aggregate principal amount of up to \$250,000 in a series of term loans (the "Term Loans"). Pursuant to the Oxford Loan Agreement, we received an initial Term Loan of \$165,000 on the Effective Date and may borrow up to an additional \$85,000 of Term Loans at our option (such additional Term Loans, the "Delayed Draw Term Loans"). Interest on the Term Loans is a variable rate equal to (i) the secured overnight financing rate ("SOFR") administered by the Federal Reserve Bank of New York for a one-month tenor, subject to a floor of 1.00%, plus (ii) an applicable margin of 6.50%. All unpaid principal and accrued and unpaid interest with respect to each Term Loan is due and payable in full on September 1, 2027. The interest rate applied during the quarter ended March 31, 2024 ranged from 11.82% to 11.85%.

The aggregate proceeds of the Delayed Draw Term Loans drawn on or prior to June 30, 2024 may not exceed \$50,000 unless used for permitted acquisitions and may not exceed \$35,000 drawn on or after July 1, 2024.

The term loan was subject to a commitment fee of \$1,650 and an origination fee of \$1,650. The Delayed Draw Term Loans are subject to a commitment fee of \$850. We incurred additional debt issuance costs of \$1,096 related to attorney fees and other third-party costs. The commitment and origination fees are included within debt issuance costs and were deferred and will be amortized to interest expense over the debt term using the straight line method, which is materially consistent with the effective interest method. The debt issuance costs related to the term loan are presented in the condensed consolidated balance sheet as a direct deduction from the carrying value of the term loan. The debt issuance costs related to the delayed draw term loan are presented in the condensed consolidated balance sheet as other assets.

The Term Loans are jointly and severally guaranteed by Alignment Healthcare, Inc. and certain of our wholly owned subsidiaries and collateralized by all unrestricted assets.

For certain prepayments of the Term Loans prior to the second anniversary of the Effective Date, we will be required to pay a prepayment fee ranging from 1.00% to 2.00% of the principal amount of the Term Loans being prepaid.

The Oxford Loan Agreement includes customary events of default, including, among others, payment defaults, breach of representations and warranties, covenant defaults, judgment defaults, insolvency and bankruptcy defaults, and change of control. The occurrence of an event of default could result in the acceleration of the obligations under the Oxford Loan Agreement, termination of the Term Loan commitments and the right to foreclose on the collateral securing the obligations. During the existence of an event of default, the outstanding Term Loans will accrue interest at a rate per annum equal to 2.00% plus the otherwise applicable interest rate. Additionally, in the event of any contemplated asset sale or series of asset sales yielding net proceeds in excess of \$2,500, except those excluded per the Oxford Loan Agreement, we are required to prepay the aggregate outstanding principal balance of the Term Loans in an amount equal to the entire amount of the asset sale net proceeds, plus any accrued and unpaid interest.

The Oxford Loan Agreement includes financial covenants that require the Borrower Parties to (i) maintain minimum liquidity, as defined in the Loan Agreement, of \$23,000 and (ii) satisfy a maximum permitted ratio of debt to trailing twelve-month revenue, as set forth in the Loan Agreement. As of March 31, 2024 and December 31, 2023, we were in compliance with the Oxford financial covenants.

Future maturities under the term loan for each of the next five years ending December 31, are as follows:

|                   | <b>Amount</b>     |
|-------------------|-------------------|
| Remainder of 2024 | \$ —              |
| 2025              | 1,650             |
| 2026              | 1,650             |
| 2027              | 161,700           |
| 2028              | —                 |
|                   | <u>\$ 165,000</u> |

## 9. Income Taxes

For the three months ended March 31, 2024 and 2023, we recorded income tax expense of \$0 and \$1, respectively. The decrease in tax for the three months ended March 31, 2024 when compared to the three months ended March 31, 2023, is primarily attributable to state tax recorded in the prior year. Our future effective tax rate may vary from the statutory tax rate primarily due to changes in our valuation allowance, state taxes, and excess executive compensation.

We have federal and state cumulative net operating losses ("NOLs") as of March 31, 2024 and December 31, 2023. Given the history of losses, and after consideration for the risk associated with estimates of future taxable income, we established a full valuation allowance against net deferred tax assets at March 31, 2024 and 2023. Under the Tax Cuts and Jobs Act ("TCJA"), federal NOLs generated after 2017 will be carried forward indefinitely but are limited to an 80% deduction of taxable income. NOLs generated prior to 2018 have a 20-year carryforward period and can be used to offset 100% of taxable income. An exception to the TCJA federal NOL rule applies to certain of our subsidiaries and requires all NOLs generated from those entities to have a 20-year carryforward period and offset 100% of taxable income. For the year ended December 31, 2023 federal and state NOL carryforwards were \$504,097 and \$498,933, respectively. \$312,446 of the total federal net operating loss carryforwards have an indefinite life while the remaining federal and state net operating loss carryforwards begin to expire in 2033 if not utilized.

An “ownership change” as defined under Section 382 of the Internal Revenue Code (“IRC”), could potentially limit the ability to utilize certain tax attributes including the Company’s substantial NOLs. Ownership change is generally defined as any significant change in ownership of more than 50% of its stock over a three-year testing period. If, as a result of current or future transactions involving our common stock, we undergo cumulative ownership changes which exceed 50% over a testing period, our ability to utilize our NOL carryforwards would be subject to additional limitations under IRC Section 382. We continue to monitor changes in ownership with respect to these income tax provisions.

## 10. Equity-Based Compensation

### Equity Awards

#### Stock Options

Our outstanding stock options generally vest 25% annually over four years and generally expire 10 years from the date of the grant. The 2021 Equity Incentive Plan provides that stock option grants will be made with an exercise price at no less than the estimated fair value of common stock at the date of the grant.

The following is a summary of the stock option transactions as of and for the three months ended March 31, 2024:

| (amounts in thousands, except shares and per share amount) | Stock Options Outstanding             |   |  |                           |
|--|---------------------------------------|---|--|---------------------------|
|  | Shares Subject to Options Outstanding | Weighted- Average Exercise Price per Option | Weighted- Average Remaining Contractual Terms (in years) | Aggregate Intrinsic Value |
| <b>Balances as of December 31, 2023</b>                    | 9,135,879                             | \$ 16.95                                    | 7.29   | \$ 79                     |
| Options granted  | —                                     | —   |  |                           |
| Options exercised  | —                                     | —   |  |                           |
| Options forfeited / expired                                | (112,536)                             | 15.41                                       |  |                           |
| <b>Balances as of March 31, 2024</b>                       | 9,023,343                             | \$ 16.97                                    | 7.04   | —                         |
| Vested and Exercisable as of March 31, 2024                | 6,336,964                             | \$ 17.28                                    | 7.00   | —                         |

Aggregate intrinsic value represents the difference between the exercise price of the option and the closing price of our common stock. For the three months ended March 31, 2024 and 2023, no options were exercised. No options were granted during the three months ended March 31, 2024.

#### Restricted Stock Awards

Our outstanding Restricted Stock Awards (“RSA”) generally vest 25% annually over four years. RSAs converted from pre-IPO awards generally vest on the later of the fourth anniversary of the original vesting commencement date or 50% annually on the first and second anniversary of the IPO.

The following is a summary of RSA transactions for the three months ended March 31, 2024:

|   | Restricted Shares | Weighted-Average Grant Date Fair Value |
|---|-------------------|--|
| <b>Unvested and outstanding as of December 31, 2023</b> | 683,953           | \$ 5.86                                |
| Vested  | (140,856)         | 13.22                                  |
| Forfeited   | (2,799)           | 5.05                                   |
| <b>Unvested and outstanding as of March 31, 2024</b>    | 540,298           | \$ 3.94                                |

#### Restricted Stock Units

Our outstanding Restricted Stock Units (“RSU”) generally vest 25% annually over four years.

The following is a summary of RSU transactions as of and for the three months ended March 31, 2024:

|   | Restricted Stock Units | Weighted-Average Grant Date<br>Fair Value |
|---|------------------------|---|
| <b>Unvested and outstanding as of December 31, 2023</b> | 10,541,625             | \$ 11.25                                  |
| Granted   | 6,517,337              | 5.05                                      |
| Vested <sup>(1)</sup>                                   | (2,385,493)            | 8.25                                      |
| Cancelled/forfeited                                     | (282,972)              | 9.36                                      |
| <b>Unvested and outstanding as of March 31, 2024</b>    | <b>14,390,497</b>      | <b>\$ 8.97</b>                            |

(1) Includes 107,948 shares that vested, but the issuance and delivery of the shares was deferred.

### Performance-based Restricted Stock Units ("PSUs")

On September 14, 2023, the Board of Directors of the Company approved the grant of performance-based restricted stock units under the Company's 2021 Equity Incentive Plan to its executive management team and other key employees. Each grantee is eligible to vest in a number of PSUs ranging from 0% to 150% of the target number of PSUs granted, based on the aggregated achievement by the Company of certain performance metrics during the performance period beginning on January 1, 2024 and ending on December 31, 2024. The achievement of PSUs relative to the approved target is based on the following performance metrics and relative weighting: Health Plan Revenue Growth Percentage 60%, At-Risk Returning Member Medical Benefit Ratio 20% and Adjusted EBITDA, less Capital Expenditures 20%.

50% of the total number of earned PSUs will become vested upon certification of achievement of the performance metrics by the Compensation Committee on or about March 1, 2025 and the remaining 50% of earned PSUs will be become vested as of December 31, 2025, subject to continued service to the Company through such dates.

On March 13, 2024, the Board of Directors of the Company approved additional grants of PSUs under the Company's 2021 Equity Incentive Plan. Each grantee is eligible to vest in a number of PSUs ranging from 0% to 200% of the target number of PSUs granted, based on the aggregated achievement by the Company of certain performance metrics during the performance period beginning on January 1, 2024 and ending on December 31, 2026. The achievement of PSUs relative to the approved target is based on the following performance metrics and relative weighting: Revenue Growth 50% and Adjusted EBITDA 50%. 100% of the total number of earned PSUs will become vested upon certification of achievement of the performance metrics by the Compensation Committee on or about March 1, 2027.

The following is a summary of PSU transactions for the three months ended March 31, 2024:

|   | Performance-based restricted<br>stock units | Weighted-Average Grant Date<br>Fair Value |
|---|---|---|
| <b>Unvested and outstanding as of December 31, 2023</b> | 7,233,205                                   | \$ 5.74                                   |
| Granted   | 1,160,000                                   | 5.00                                      |
| Vested  | —   | —   |
| Cancelled/forfeited                                     | (16,667)                                    | 5.74                                      |
| <b>Unvested and outstanding as of March 31, 2024</b>    | <b>8,376,538</b>                            | <b>\$ 5.64</b>                            |

### Equity-Based Compensation Expense

Total equity-based compensation expense was presented on the statement of operations as follows:

| <i>(amounts in thousands)</i>                  | Three Months Ended March 31, |                  |
|--|------------------------------|------------------|
|  | 2024                         | 2023             |
| Selling, general and administrative expenses   | \$ 19,721                    | \$ 19,454        |
| Medical expenses                               | 1,133                        | 2,524            |
| <b>Total equity-based compensation expense</b> | <b>\$ 20,854</b>             | <b>\$ 21,978</b> |



As of March 31, 2024, there was \$114,406 in unrecognized compensation expense related to all non-vested awards (RSAs, options, RSUs and PSUs) that will be recognized over the weighted-average period of 1.88 years.

## **11. Regulatory Requirements and Restricted Funds**

Our health plans or risk-bearing entities are required to maintain minimum capital requirements prescribed by various regulatory authorities in each of the states in which it operates.

### ***Risk-Based Capital Regulatory***

The National Association of Insurance Commissioners has adopted rules, which, if implemented by the states, set minimum capitalization requirements for insurance companies, health maintenance organizations ("HMOs"), and other entities bearing risk for health care coverage. The requirements take the form of risk-based capital ("RBC") rules, which may vary from state to state. Certain states in which our health plans or risk bearing entities operate have adopted the RBC rules. Our health plans or risk-bearing entities were in compliance with the minimum capital requirements as of March 31, 2024.

### ***Tangible Net Equity***

Our health plan in California is required to comply with the tangible net equity ("TNE") requirements. The required amount is the larger of: (1) \$1,000; (2) 2% of the first \$150,000 of annualized premium revenue, plus 1% of annualized premium revenue in excess of \$150,000; or (3) 8% of the first \$150,000 of annualized health care expenditures, except for those paid on a capitated or managed hospital payment basis, plus 4% of the annualized health care expenditures in excess of \$150,000, except those paid on a capitated or managed hospital payment basis, plus 4% of annualized hospital expenditures paid on a managed hospital payment basis. We were in compliance with the TNE requirement as of March 31, 2024.

We have the ability to provide additional capital to each of our health plans or risk-bearing entities when necessary to ensure that the RBC and TNE requirements are met.

Certain states regulate the payment of dividends, loans, or other cash transfers from our regulated subsidiaries to our non-regulated subsidiaries and parent company. Such payments may require approval by state regulatory authorities and are limited based on certain financial criteria, such as the entity's level of statutory income and statutory capital and surplus, or the entity's level of tangible net equity or net worth, amongst other measures. These regulations vary by state. We were in compliance with the RBC and TNE requirements as of March 31, 2024.

### ***Restricted Assets***

Pursuant to the regulations governing our subsidiaries, we maintain certain deposits required by the government authorities in the form of cash, certificate of deposit and Treasury bills as protection in the event of insolvency. The use of funds from these investments is limited as required by regulation in the various states in which we operate, or as needed in the event of insolvency. Therefore, these deposits are reported within other assets on the condensed consolidated balance sheets.

We hold these assets until maturity, at which time these assets will renew or are invested in a similar type of investment instrument. Given the regulatory requirements, we expect to hold these investments for long-term. As a result, we do not expect the value of these investments to decline significantly due to a sudden change in market interest rates. These investments are carried at amortized cost, which approximates fair value. See note 3, Fair Value, for further discussion.

## **12. Commitments and Contingencies**

### ***Legal Proceedings***

We record a liability and accrue the costs for a loss when an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. In some cases, no estimate of the possible loss or range of loss in excess of amounts accrued, if any, can be made because of the inherently unpredictable nature of legal and regulatory proceedings. While the liability and accrued costs reflect our best estimate, the actual amounts may materially be different.

On April 27, 2022, a former employee of the Company filed a purported class action lawsuit (Dabney v. Alignment Healthcare USA, LLC, Orange County Superior Court) alleging that the Company failed to provide hourly employees with required meal and rest breaks or pay such workers a premium equal to an hour of pay for missed meal or rest breaks. Discovery in the matter commenced on June 8, 2022. On September 2, 2022, the court granted a stay of proceedings and discovery in anticipation of mediation scheduled for August 2023. On August 15, 2023, the Company entered into a tentative settlement of the action in consideration of an aggregate payment of \$913. The settlement of this matter is subject to approval by the court which is expected in the third quarter of 2024. As a result of the tentative settlement, the Company has accrued for a potential liability of \$913 as of March 31, 2024 and December 31, 2023 for this matter, which was recorded within accounts payable and accrued expenses on the consolidated balance sheet and selling, general and administrative expenses on the consolidated statement of operations.

We may be involved in various litigation matters in the ordinary course of business. In the opinion of management, the ultimate resolution of legal proceedings is not expected to have a material adverse effect on the condensed consolidated financial statements. Amounts accrued for legal proceedings were not material as of March 31, 2024 and December 31, 2023.

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis should be read in conjunction with our audited financial statements and the accompanying notes as well as “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K for the year ended December 31, 2023 (our “Annual Report”), as well as our unaudited condensed consolidated financial statements and related notes presented herein in Part I, Item 1 included elsewhere in this Quarterly Report. Unless the context otherwise indicates or requires, the terms “we”, “our” and the “Company” as used herein refer to Alignment Healthcare, Inc. and its consolidated subsidiaries, including Alignment Healthcare Holdings, LLC, which is Alignment Healthcare, Inc.’s predecessor for financial reporting purposes.*

*In addition to historical data, the discussion contains forward-looking statements about the business, operations and financial performance of the Company based on our current expectations that involves risks, uncertainties and assumptions. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed above in “Forward-Looking Statements,” and Part II, Item 1A, “Risk Factors.”*

**Overview**

Alignment is a next generation, consumer-centric platform designed to improve the healthcare experience for seniors. We deliver this experience through our Medicare Advantage plans, which are customized to meet the needs of a diverse array of seniors. Our innovative model of consumer-centric healthcare is purpose-built to provide seniors with care as it should be: high quality, low cost and accompanied by a vastly improved consumer experience. We combine a proprietary technology platform and a high-touch clinical model that enhances our members’ lifestyles and health outcomes while simultaneously controlling costs, which allows us to reinvest savings back into our platform and products to directly benefit the senior consumer. We have grown Health Plan Membership, which we define as members enrolled in our health maintenance organization (“HMO”) and preferred provider organization (“PPO”) contracts (the “Alignment Health Plans”), from approximately 13,000 at inception to 165,100 as of March 31, 2024, representing a 29% compound annual growth rate across 53 markets and 6 states. Our ultimate goal is to bring this differentiated, advocacy-driven healthcare experience to millions of senior consumers in the United States and to become the most trusted senior healthcare brand in the country.

Our model is based on a flywheel concept, referred to as our “virtuous cycle,” which is designed to delight our senior consumers. We start by listening to and engaging with our seniors in order to provide a superior experience in both their healthcare and daily living needs. Through our proprietary technology platform, Alignment’s Virtual Application (“AVA”), we utilize data and predictive algorithms that are specifically designed to ensure personalized care is delivered to each member. When our information-enabled care model is combined with our member engagement, we are able to improve healthcare outcomes by, for example, reducing unnecessary hospital admissions, which in turn lowers overall costs. Our ability to manage healthcare expenditures while maintaining quality and member satisfaction is a distinct and sustainable competitive advantage. Our lower total healthcare expenditures allow us to reinvest our savings into richer coverage and benefits, which propels our growth in revenue and membership due to the enhanced consumer value proposition. As we grow, we continue to listen to and incorporate member feedback, and we are able to further enhance benefits and produce strong clinical outcomes. Our virtuous cycle, based on the principle of doing well by doing good, is highly repeatable and a core tenet of our ability to continue to expand in existing and new markets in the future.

For the 2024 plan year, Alignment offers plans in 53 markets across California (22 markets), North Carolina (16 markets), Nevada (6 markets), Arizona (3 markets), Texas (2 markets) and Florida (4 markets). There are approximately 8.6 million Medicare-eligible seniors in our current markets.

**Factors Affecting Our Performance**

Our proprietary technology platform, AVA, is a key element of our business with capabilities that we expect to impact our future performance. AVA enables us to personalize and manage our member relationships, care quality and experience, and to coordinate and manage risk with our provider partners. AVA’s unified platform, analytical tools and data across the healthcare ecosystem enable us to produce consistent outcomes, unit economics and support new member growth.

Additionally, our historical financial performance has been, and we expect our financial performance in the future will be, driven by our ability to:

- **Capitalize on Our Existing Market Growth Opportunity:** Our ability to attract and retain members to grow in our existing markets depends on our ability to offer a superior value proposition. We have proven that we can compete against, and take market share from, large established players in highly competitive markets. According to CMS data, we were one of the top three Medicare Advantage Organizations in terms of HMO net members growth in our California counties between 2016 and 2024. There are approximately 4.7 million Medicare-eligible individuals enrolled in Medicare Advantage plans in our existing 53 counties, of which our approximately 165,100 Health Plan Members represents only 2% market share. We believe that there are still significant opportunities for future growth even in our most mature markets where we have a 10-40% market share. Additionally, we are evaluating other opportunities to leverage our historical investments in our technology platform and our comprehensive clinical model across our existing and potentially new geographies.
- **Drive Growth and Consistent Outcomes Through New Market Expansion:** We enter new markets with the goal of building brand awareness across our key stakeholders to achieve meaningful market share over time. We intend to focus on markets with significant senior populations where we expect to be able to replicate our model most effectively. Our existing markets also feature a diverse array of membership profiles across ethnicities, income levels and acuity. In 2023 we expanded into 14 new markets across our four existing states and two new states, Florida and Texas, and in 2024, we expanded into one new market in California.
- **Provide Superior Service, Care and Consumer Satisfaction:** We are highly focused on providing superior service and care to our members and on maintaining high levels of consumer satisfaction, which are key to our financial performance and growth. The CMS Five Star Quality Rating System provides economic incentives to Medicare Advantage plans that achieve higher Star ratings by (i) meeting certain care criteria (such as completing particular preventative screening procedures or ensuring proper follow-up care is provided for specific conditions or episodes) and (ii) receiving high member satisfaction ratings. These incentives impact financial performance in the year following the CMS Rating Year (for example, CMS's announcement of the 2024 Ratings occurred in the second half of 2023 and will impact our financial performance in 2025). In aggregate, more than 90% of our health plan members are enrolled in plans rated 4 stars and above, meaning the vast majority of members consistently receive a high-quality care experience, as defined under CMS star measurement criteria. Additionally, the California HMO plan has achieved a 4-star or greater rating for seven consecutive years.
- **Effectively Manage the Quality of Care to Improve Member Outcomes:** Our care delivery model is based on a clinical continuum through which we have created a highly personalized experience that is unique to each member depending on their personal health and circumstances. Utilizing data and predictive analytics generated by AVA, our clinical continuum separates seniors into four categories in order to provide optimized care for every stage of a senior's life: healthy, healthy utilizer, pre-chronic and chronic. We partner with our broader network of community providers to service members in our non-chronic categories, and we have developed a Care Anywhere program implemented by our internal clinical teams to care for our higher risk and/or chronically ill members. By investing in our members' care proactively, our model has consistently reduced unnecessary and costly care while improving the quality of our members' lifestyle and healthcare experience. By delivering superior care and preventing avoidable utilization of the healthcare system, we are able to reduce our claims expenditures in some of our largest medical expense categories, which translates to superior medical benefits ratio ("MBR") financial performance and ultimately the ability to offer richer products in the market.
- **Achieve Superior Unit Economics:** As our senior population ages, their healthcare needs become more frequent and complex. To combat the healthcare cost increases that typically result, we proactively look to (i) connect with our population early in their enrollment with Alignment to assess their care needs, (ii) develop care plans and engage those members with more chronic, complex health challenges in our clinical model, and (iii) continue to monitor and evaluate our healthier members in a preventative fashion over time. Given the Medicare Advantage payment mechanism and the retention of the vast majority of our members who continue to choose Alignment after their initial selection year, we are able to focus our efforts on driving favorable long-term health outcomes for our entire population. As a result, our clinical

model efforts have demonstrated the ability to lower the MBRs of our returning members. We believe this is evidence of our ability to manage the financial risk of our members as they age, and that these favorable underlying unit economic trends translate directly to our ability to continue to deliver a richer product to the marketplace. With this dynamic in mind, our consolidated MBR may be impacted year-to-year based on our pace of new member growth and mix of members by cohort. However, we believe our ability to sustain MBR performance improvement over time positions us well to invest in new member growth to drive long-term financial performance.

- Invest in our Platform and Growth:** We plan to continue to invest in our business in order to further develop our AVA platform, pursue new expansion opportunities and create innovative product offerings. In addition, in order to maintain a differentiated value proposition for our members, we continue to invest in innovative product offerings and supplementary benefits to meet the evolving needs of the senior consumer. We anticipate further investments in our business as we expand into new markets and pursue strategic acquisitions, which we expect will primarily be focused on healthcare delivery groups in key geographies, standalone and provider-sponsored Medicare Advantage plans and other complementary risk bearing assets.
- Navigate Seasonality to our Business:** Our operational and financial results will experience some variability depending upon the time of year in which they are measured. We experience the largest portion of member growth during the first quarter, when plan enrollment selections made during the annual enrollment period ("AEP") from October 15th through December 7th of the prior year take effect. As a result, we expect to see a majority of our member growth occur on January 1 of a given calendar year. As the year progresses, our per-member revenue often declines as new members join us, typically with less complete or accurate documentation (and therefore lower risk-adjustment scores), and senior mortality disproportionately impacts our higher-acuity (and therefore greater revenue) members. Medical costs will vary seasonally depending on a number of factors, but most significantly the weather. Certain illnesses, such as the influenza virus, are far more prevalent during colder months of the year, which will result in an increase in medical expenses during these time periods. We therefore expect to see higher levels of per-member medical costs in the first and fourth quarters. The design of our prescription drug coverage (Medicare Part D) results in coverage that varies as a member's cumulative out-of-pocket costs pass through successive stages of a member's plan period, which begins annually on January 1 for renewals. These plan designs generally result in us sharing a greater portion of the responsibility for total prescription drug costs in the early stages of the year and less in the latter stages, which typically results in a higher MBR on our Part D program in the first half of the year relative to the second half of the year. In addition, we expect our corporate, general and administrative expenses to increase in absolute dollars for the foreseeable future to support our growth and because of additional costs of being a public company. Due to the timing of many of these investments, including our primary sales and marketing season, we typically incur a greater level of investment in the second half of the year relative to the first half of the year.

### Executive Summary

The following table presents key financial statistics for the periods indicated:

| (dollars in '000's, except percentages) | Three Months Ended March 31, |             | % Change |
|---|------------------------------|-------------|----------|
|   | 2024                         | 2023        |          |
| Health plan membership (at period end)  | 165,100                      | 109,700     | 50.5 %   |
| Medical benefits ratio                  | 90.9 %                       | 89.7 %      | 1.2 %    |
| Revenues                                | \$ 628,601                   | \$ 439,155  | 43.1 %   |
| Loss from Operations                    | \$ (41,106)                  | \$ (32,489) | 26.5 %   |
| Net loss                                | \$ (46,575)                  | \$ (37,371) | 24.6 %   |
| Adjusted EBITDA <sup>(1)</sup>          | \$ (11,980)                  | \$ (5,172)  | 131.6 %  |
| Adjusted gross profit <sup>(1)</sup>    | \$ 57,343                    | \$ 45,425   | 26.2 %   |

- (1) See "Adjusted EBITDA" and "Adjusted Gross Profit" below for a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP and related disclosures.

**Health Plan Membership**

We define Health Plan Membership as the number of members enrolled in our HMO and PPO contracts as of the end of a reporting period. We believe this is an important metric to assess growth of our underlying business, which is indicative of our ability to consistently offer a superior value proposition to seniors. This metric excludes third party payor members with respect to which we are at-risk for managing their healthcare expenditures, which represented 400 members as of March 31, 2024 and 2023. It also excludes the approximately 8,800 ACO REACH members as of March 31, 2024.

**Adjusted Gross Profit and Medical Benefits Ratio**

Adjusted gross profit is a non-GAAP financial measure that we define as loss from operations before depreciation and amortization, clinical equity-based compensation expense, clinical restructuring costs and selling, general, and administrative expenses. Adjusted gross profit is a key measure used by our management and Board to understand and evaluate our operating performance and trends before the impact of our consolidated selling, general and administrative expenses.

Adjusted gross profit should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. There are a number of limitations related to the use of adjusted gross profit in lieu of loss from operations, which is the most directly comparable financial measure calculated in accordance with GAAP.

Our use of the term adjusted gross profit may vary from the use of similar terms by other companies in our industry and accordingly may not be comparable to similarly titled measures used by other companies.

Adjusted gross profit is reconciled as follows:

|   | Three Months Ended March 31, |             |
|---|------------------------------|-------------|
|   | 2024                         | 2023        |
| <i>(dollars in thousands)</i>                 |                              |             |
| Loss from operations                          | \$ (41,106)                  | \$ (32,489) |
| Add back:                                     |                              |             |
| Equity-based compensation (medical expenses)  | 1,133                        | 2,524       |
| Depreciation (medical expenses)               | 52                           | 61          |
| Restructuring costs (medical expenses)        | 775                          | —           |
| Depreciation and amortization                 | 5,977                        | 4,921       |
| Selling, general, and administrative expenses | 90,512                       | 70,408      |
| Total add back                                | 98,449                       | 77,914      |
| Adjusted gross profit                         | \$ 57,343                    | \$ 45,425   |

We calculate our MBR by dividing total medical expenses, excluding depreciation, equity-based compensation and clinical restructuring costs, by total revenues in a given period. We believe our MBR is an indicator of our gross profit for our Medicare Advantage plans and demonstrates the ability of our clinical model to produce superior outcomes by identifying and providing targeted care to our high-risk members resulting in improved member health and reduced total population medical expenses. We expect that this metric may fluctuate over time due to a variety of factors, including our pace of new member growth given that new members typically join Alignment with higher MBRs, while our model has demonstrated an ability to improve MBR for a given cohort over time.

When we determine, on an annual basis, whether we have satisfied the CMS minimum Medical Loss Ratio of 85%, adjustments are made to the MBR calculation to include certain additional expenses related to improving the quality of care provided, and to exclude certain taxes and fees, in each case as permitted or required by CMS and applicable regulatory requirements.

**Adjusted EBITDA**

Adjusted EBITDA is a non-GAAP financial measure that we define as net loss before interest expense, income taxes, depreciation and amortization expense, acquisition expenses, certain litigation costs, gains or losses on right of use

("ROU") assets, restructuring costs and equity-based compensation expense. Adjusted EBITDA is a key measure used by our management and our Board to understand and evaluate our operating performance and trends, to prepare and approve our annual budget and to develop short and long-term operating plans. In particular, we believe that the exclusion of the amounts eliminated in calculating Adjusted EBITDA provides useful measures for period-to-period comparisons of our business, as we do not consider the excluded items to be part of our ongoing results of operations. Given our intent to continue to invest in our platform and the scalability of our business in the short to medium-term, we believe Adjusted EBITDA over the long term will be an important indicator of value creation.

Adjusted EBITDA should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. There are a number of limitations related to the use of Adjusted EBITDA in lieu of net loss, which is the most directly comparable financial measure calculated in accordance with GAAP.

Our use of the term Adjusted EBITDA may vary from the use of similar terms by other companies in our industry and accordingly may not be comparable to similarly titled measures used by other companies.

Adjusted EBITDA is reconciled as follows:

|  | Three Months Ended<br>March 31, |                   |
|--|---------------------------------|-------------------|
|  | 2024                            | 2023              |
| <i>(dollars in thousands)</i>                          |                                 |                   |
| Net loss   | \$ (46,575)                     | \$ (37,371)       |
| Less: Net loss attributable to noncontrolling interest | 54                              | 87                |
| Adjustments:   |                                 |                   |
| Interest expense                                       | 5,427                           | 5,019             |
| Depreciation and amortization                          | 6,029                           | 4,982             |
| Income taxes   | —                               | 1                 |
| Equity-based compensation <sup>(1)</sup>               | 20,854                          | 21,978            |
| Acquisition expenses <sup>(2)</sup>                    | —                               | 132               |
| Litigation costs <sup>(3)</sup>                        | 320                             | —                 |
| Loss on ROU assets <sup>(4)</sup>                      | 143                             | —                 |
| Restructuring costs <sup>(5)</sup>                     | 1,768                           | —                 |
| Adjusted EBITDA  | <u>\$ (11,980)</u>              | <u>\$ (5,172)</u> |

(1) Represents equity-based compensation related to grants made in the applicable year, as well as equity-based compensation related to the timing of the IPO, which includes previously issued stock appreciation rights ("SARs") liability awards, modifications related to transaction vesting units, and grants made in conjunction with the IPO.

(2) Represents acquisition-related fees, such as legal and advisory fees, that are non-capitalizable.

(3) Represents litigation costs considered outside of the ordinary course of business based on the following considerations which we assess regularly: (i) the frequency of similar cases that have been brought to date, or are expected to be brought within two years, (ii) complexity of the case, (iii) nature of the remedies sought, (iv) litigation posture of the Company, (v) counterparty involved, and (vi) the Company's overall litigation strategy.

(4) Represents loss related to ROU assets that were terminated or subleased in the respective period.

(5) Represents severance and related costs incurred as part of a corporate restructuring designed to streamline our organizational structure and drive operational efficiencies.

## Results of Operations

The following table sets forth our consolidated statements of operations data for the periods indicated:

|  | Three Months Ended March 31, |                 |
|--|------------------------------|-----------------|
|  | 2024                         | 2023            |
| <i>(dollars in thousands)</i>                          |                              |                 |
| <b>Revenues:</b>                                       |                              |                 |
| Earned premiums  | \$ 621,556                   | \$ 434,812      |
| Other  | 7,045                        | 4,343           |
| Total revenues   | 628,601                      | 439,155         |
| <b>Expenses:</b>                                       |                              |                 |
| Medical expenses                                       | 573,218                      | 396,315         |
| Selling, general and administrative expenses           | 90,512                       | 70,408          |
| Depreciation and amortization                          | 5,977                        | 4,921           |
| Total expenses   | 669,707                      | 471,644         |
| <b>Loss from operations</b>                            | <b>(41,106)</b>              | <b>(32,489)</b> |
| Other expenses:  |                              |                 |
| Interest expense                                       | 5,427                        | 5,019           |
| Other expenses (income)                                | 42                           | (138)           |
| Total other expenses                                   | 5,469                        | 4,881           |
| Loss before income taxes                               | (46,575)                     | (37,370)        |
| Provision for income taxes                             | —                            | 1               |
| Net loss   | \$ (46,575)                  | \$ (37,371)     |
| Less: Net loss attributable to noncontrolling interest | 54                           | 87              |
| Net loss attributable to Alignment Healthcare, Inc.    | \$ (46,521)                  | \$ (37,284)     |



The following table sets forth our consolidated statements of operations data expressed as a percentage of total revenues for the periods indicated:

|  | Three Months Ended March 31, |            |
|--|------------------------------|------------|
|  | 2024                         | 2023       |
| <i>(% of revenue)</i>                                  |                              |            |
| <b>Revenues:</b>                                       |                              |            |
| Earned premiums  | 99 %                         | 99 %       |
| Other  | 1                            | 1          |
| Total revenues   | 100                          | 100        |
| <b>Expenses:</b>                                       |                              |            |
| Medical expenses                                       | 91                           | 90         |
| Selling, general and administrative expenses           | 15                           | 16         |
| Depreciation and amortization                          | 1                            | 1          |
| Total expenses   | 107                          | 107        |
| <b>Loss from operations</b>                            | <b>(7)</b>                   | <b>(7)</b> |
| Other expenses:  |                              |            |
| Interest expense                                       | —                            | 1          |
| Other expenses (income)                                | —                            | —          |
| Total other expenses                                   | —                            | 1          |
| Loss before income taxes                               | (7)                          | (8)        |
| Provision for income taxes                             | —                            | —          |
| Net loss   | (7)                          | (8)        |
| Less: Net loss attributable to noncontrolling interest | —                            | —          |
| Net loss attributable to Alignment Healthcare, Inc.    | (7)%                         | (8)%       |

### Revenues

|                               | Three Months Ended<br>March 31, |            | Change     |        |
|-------------------------------|---------------------------------|------------|------------|--------|
|                               | 2024                            | 2023       | \$         | %      |
| <i>(dollars in thousands)</i> |                                 |            |            |        |
| <b>Revenues:</b>              |                                 |            |            |        |
| Earned premiums               | \$ 621,556                      | \$ 434,812 | \$ 186,744 | 42.9 % |
| Other                         | 7,045                           | 4,343      | 2,702      | 62.2 % |
| Total revenues                | \$ 628,601                      | \$ 439,155 | \$ 189,446 | 43.1 % |

*Earned Premiums.* Earned premium revenues were \$621.6 million and \$434.8 million for the three months ended March 31, 2024 and 2023, respectively, an increase of \$186.7 million or 42.9%. The increase was primarily driven by growth in our Health Plan membership, which increased 50.5% between March 31, 2023 and March 31, 2024. The increase was offset by a decrease in ACO REACH revenue due to the change from gross to net revenue treatment. ACO REACH revenue decreased \$31.9 million, or 99%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

*Other Revenue.* Other revenue increased \$2.7 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, an increase of 62.2%. The increase is mainly attributable to an increase in the interest rate of our interest earning cash balances and the change in gross to net revenue treatment for ACO REACH.

## Expenses

|  | Three Months Ended<br>March 31, |            | Change     |        |
|--|---------------------------------|------------|------------|--------|
|  | 2024                            | 2023       | \$         | %      |
| <i>(dollars in thousands)</i>                |                                 |            |            |        |
| <b>Expenses:</b>                             |                                 |            |            |        |
| Medical expenses                             | \$ 573,218                      | \$ 396,315 | \$ 176,903 | 44.6 % |
| Selling, general and administrative expenses | 90,512                          | 70,408     | 20,104     | 28.6 % |
| Depreciation and amortization                | 5,977                           | 4,921      | 1,056      | 21.5 % |
| Total expenses                               | \$ 669,707                      | \$ 471,644 | \$ 198,063 | 42.0 % |

*Medical Expenses.* Medical expenses were \$573.2 million and \$396.3 million for the three months ended March 31, 2024 and 2023, respectively, an increase of \$176.9 million, or 44.6%. The increase was driven primarily by the growth in Alignment's Health Plan membership. Overall, medical expenses for the three months ended March 31, 2024 grew at a higher rate than earned premium revenues compared to the three months ended March 31, 2023, primarily due to 2024 having a higher percentage of new members relative to returning members, richer member benefits, a smaller amount of favorable prior year development and increases in unit costs, offset by lower inpatient admissions per thousand and the change in ACO REACH accounting.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses were \$90.5 million and \$70.4 million for the three months ended March 31, 2024 and 2023, respectively, an increase of \$20.1 million, or 28.6%. The increase was primarily due to an increase in ongoing investments and expenditures in network development, operations and sales and marketing to drive the growth of Alignment's Health Plan membership.

*Depreciation and Amortization.* Depreciation and amortization expense was \$6.0 million and \$4.9 million for the three months ended March 31, 2024 and 2023, respectively, an increase of \$1.1 million, or 21.5%. The increase was primarily due to the amount and timing of our capital expenditures and the associated depreciation relative to 2023.

### Other Expenses

*Interest expense.* Interest expense was \$5.4 million and \$5.0 million for the three months ended March 31, 2024 and 2023, respectively, an increase of \$0.4 million or 8.1%. The increase in interest expense was primarily due to a higher interest rate on our debt balance during the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

*Other expenses (income).* Other expenses (income) were \$0.0 million and \$(0.1) million for the three months ended March 31, 2024 and 2023. The decrease is primarily attributable to a loss on ROU assets recorded during the three months ended March 31, 2024.

## Liquidity and Capital Resources

### General

To date, we have financed our operations principally through our IPO, private placements of our equity securities, revenues, and certain term loans (described below). As of March 31, 2024, we had \$301.7 million in cash, cash equivalents and short-term investments.

We operate as a holding company in a highly regulated industry. Alignment Healthcare, Inc., our parent company, is dependent upon dividends and administrative expense reimbursements from our subsidiaries, most of which are subject to regulatory restrictions. We maintain significant levels of aggregate excess statutory capital and surplus in our state-regulated operating subsidiaries. As of March 31, 2024, our operating parent company (an indirect wholly owned subsidiary of our parent company) had \$132.4 million in cash, cash equivalents and short-term investments.

We may incur operating losses in the future due to the investments we intend to continue to make in expanding our operations and sales and marketing, in further developing our technology and due to the general and administrative costs we expect to incur in connection with continuing to operate as a public company. As a result, we may require additional capital resources to execute strategic initiatives to grow our business.

We believe that our liquid assets will be sufficient to fund our operating and organic capital needs for at least the next 12 months. Our assessment of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties. Our actual results could vary because of, and our future capital requirements will depend on, many factors, including our growth rate, the timing and extent of spending to expand our presence in existing markets, expand into new markets, increase our sales and marketing activities and develop our technology. Additionally, in the future we may enter into arrangements to acquire or invest in complementary businesses, services and technologies, including intellectual property rights, which may also increase our capital needs.

We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, or if we cannot expand our operations or otherwise capitalize on our business opportunities because we lack sufficient capital, our business, results of operations, and financial condition would be adversely affected.

Certain states in which we operate as a CMS-licensed Medicare Advantage company may require us to meet certain capital adequacy performance standards and tests. The National Association of Insurance Commissioners has adopted rules which, if implemented by the states, set minimum capitalization requirements for insurance companies, HMOs, and other entities bearing risk for healthcare coverage. The requirements take the form of risk-based capital (“RBC”) rules, which may vary from state to state. Certain states in which our health plans or risk bearing entities operate have adopted the RBC rules. Other states in which our health plans or risk bearing entities operate have chosen not to adopt the RBC rules, but instead have designed and implemented their own rules regarding capital adequacy. As of March 31, 2024, our health plans or risk-bearing entities were in compliance with the minimum capital requirements.

#### *Oxford Term Loan*

On September 2, 2022 (the “Effective Date”), we, Alignment Healthcare USA, LLC, an indirect subsidiary of the Company (the “Borrower”) and certain of our other subsidiaries (together with the Company and the Borrower, the “Borrower Parties”) entered into a term loan agreement (the “Oxford Loan Agreement”) with Oxford Finance LLC (“Oxford”), as administrative agent, collateral agent and a lender, and the other lenders from time to time party thereto (collectively, the “Lenders”), pursuant to which the Lenders have agreed to lend the Borrower an aggregate principal amount of up to \$250.0 million in a series of term loans (the “Term Loans”). Pursuant to the Oxford Loan Agreement, the Borrower received an initial Term Loan of \$165.0 million on the Effective Date and may borrow up to an additional \$85.0 million of Term Loans at its option (such additional Term Loans, the “Delayed Draw Term Loans”). Interest on the Term Loans is a variable rate equal to (i) the secured overnight financing rate administered by the Federal Reserve Bank of New York for a one-month tenor, subject to a floor of 1.00%, plus (ii) an applicable margin of 6.50%. All unpaid principal and accrued and unpaid interest with respect to each Term Loan is due and payable in full on September 1, 2027. The interest rate applied during the quarter ended March 31, 2024 ranged from 11.82% - 11.85%.

The Term Loans are guaranteed by certain of our wholly owned subsidiaries and collateralized by all unrestricted assets.

For certain prepayments of the Term Loans prior to the second anniversary of the Effective Date, the Borrower will be required to pay a prepayment fee ranging from 1.00% to 2.00% of the principal amount of the Term Loans being prepaid.

The Oxford Loan Agreement includes customary events of default, including, among others, payment defaults, breach of representations and warranties, covenant defaults, judgment defaults, insolvency and bankruptcy defaults, and change of control. The occurrence of an event of default could result in the acceleration of the obligations under the Oxford Loan Agreement, termination of the Term Loan commitments and the right to foreclose on the collateral securing the obligations. During the existence of an event of default, the outstanding Term Loans will accrue interest at a rate per annum equal to 2.00% plus the otherwise applicable interest rate. Additionally, in the event of any contemplated asset sale or series of asset sales yielding net proceeds in excess of \$2.5 million, except those excluded per the Oxford Loan Agreement, we are

required to prepay the aggregate outstanding principal balance of the Term Loans in an amount equal to the entire amount of the asset sale net proceeds, plus any accrued and unpaid interest.

The Oxford Loan Agreement includes financial covenants that require the Borrower Parties to (i) maintain minimum liquidity, as defined in the Loan Agreement, of \$23.0 million and (ii) satisfy a maximum permitted ratio of debt to trailing twelve-month revenue, as set forth in the Loan Agreement. As of March 31, 2024, we were in compliance with the financial covenants.

### ***Cash Flows***

The following table presents a summary of our consolidated cash flows from operating, investing and financing activities for the periods indicated:

| <i>(dollars in thousands)</i>                                     | Three Months Ended March 31, |            |
|---|------------------------------|------------|
|   | 2024                         | 2023       |
| Net cash (used in) provided by operating activities               | \$ (6,238)                   | \$ 85,110  |
| Net cash provided by (used in) investing activities               | 42,705                       | (110,428)  |
| Net cash (used in) provided by financing activities               | (335)                        | 30         |
| Net change in cash  | 36,132                       | (25,288)   |
| Cash, cash equivalents and restricted cash at beginning of period | 204,954                      | 411,299    |
| Cash, cash equivalents and restricted cash at end of period       | \$ 241,086                   | \$ 386,011 |

### ***Operating Activities***

For the three months ended March 31, 2024, net cash used in operating activities was \$6.2 million, an increase of \$91.3 million compared to net cash provided by operating activities of \$85.1 million for the three months ended March 31, 2023. The increase is mainly attributable to the timing of our monthly premium revenue payments from CMS. We typically receive our monthly premium payments from CMS on the first day of the month. However, as the first day of April 2023 did not occur on a business day, we received the April premium payments on the last day of March. At March 31, 2023 we recorded deferred premium revenue of \$141.1 million. Excluding deferred premium revenue, net cash used in operating activities decreased \$49.5 million, mainly attributable to an increase in medical expenses payable as a result of the increased Health Plan membership growth during the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

### ***Investing Activities***

For the three months ended March 31, 2024, net cash provided by investing activities was \$42.7 million, an increase of \$153.1 million compared to net cash used in investing activities of \$110.4 million for the three months ended March 31, 2023. The increase primarily relates to the purchase of short-term treasury securities during the three months ended March 31, 2023.

### ***Financing Activities***

For the three months ended March 31, 2024, net cash used in financing activities was \$0.3 million. The increase in net cash used in financing activities is mainly attributable to the payment of employment taxes related to the release of restricted stock that occurred during the three months ended March 31, 2024.

### **Material cash requirements from known contractual and other obligations**

There have been no material changes to our contractual obligations disclosed in our Annual Report.

### **Off-Balance Sheet Arrangements**

We did not have any off-balance sheet arrangements as of March 31, 2024.

### **Critical Accounting Estimates**

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles and include the accounts of our wholly-owned subsidiaries and three variable interest entities (“VIEs”) in California and North Carolina that meet the consolidation requirements for accounting purposes. All intercompany transactions have been eliminated in consolidation. Noncontrolling interest is presented within the equity section of the condensed consolidated balance sheets.

There have been no significant changes in our critical accounting estimate policies or methodologies to our condensed consolidated financial statements. For a description of our policies regarding our critical accounting policies, see *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates”* in the Annual Report.

### **Recent Accounting Pronouncements**

See Note 2 to our condensed consolidated financial statements, *“Summary of Significant Accounting Policies—Recent Accounting Pronouncements Adopted”* for more information.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of exposure due to potential changes in inflation. We do not hold financial instruments for trading purposes.

***Interest Rate Risk***

We are exposed to risks associated with market changes in interest rates through our term loan agreement. This agreement exposes us to variability in interest payments due to changes in SOFR interest rates. We manage our exposure to this market risk by monitoring available financing alternatives.

***Inflation Risk***

Based on our analysis of the periods presented, we believe that inflation has not had a material effect on our operating results. There can be no assurance that future inflation will not have an adverse impact on our operating results and financial condition.

**Item 4. Controls and Procedures.**

***Evaluation of Disclosure Controls and Procedures:***

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of March 31, 2024.

***Changes to our Internal Controls over Financial Reporting:***

There were no material changes in our internal control over financial reporting during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

See Note 12, Commitments and Contingencies – Legal Proceedings, to Alignment Healthcare, Inc.'s Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report.

#### Item 1A. Risk Factors.

There have been no material changes to the risk factors disclosed in the Annual Report.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

#### *Unregistered Sales of Equity Securities*

None.

#### *Use of Proceeds*

On March 25, 2021, the Company's Registration Statement on Form S-1 (SEC File No. 333-253824) for the initial public offering of 27,200,000 shares of common stock was declared effective by the Securities and Exchange Commission. The Company's common stock began trading on March 26, 2021 on Nasdaq under the ticker symbol "ALHC." The IPO closed on March 30, 2021, with the Company selling 21,700,000 shares of common stock and certain selling stockholders selling 5,500,000 shares of common stock, in each case at a price to the public of \$18.00 per share. On Tuesday, April 6, 2021, pursuant to a partial exercise of the underwriters' over-allotment option, certain selling stockholders sold an additional 3,314,216 shares of common stock at the IPO price. In the aggregate, the IPO generated approximately \$361.6 million in net proceeds for the Company, which amount is net of approximately \$24.4 million in underwriters' discounts and commissions and offering costs of approximately \$4.6 million. The IPO commenced on March 25, 2021 and terminated upon the partial exercise of the underwriters' over-allotment options as described above. The representatives of the several underwriters of the IPO were Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC.

There has been no material change in the use of proceeds described in the IPO prospectus filed with the SEC on March 29, 2021. We may also use a portion of our net proceeds to acquire or invest in complementary businesses, products, services or technologies.

#### *Purchases of Equity Securities by the Issuer and Affiliated Purchasers*

None.

### Item 3. Defaults Upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures.

Not applicable.

### Item 5. Other Information.

#### *Rule 10b5-1 Plans*

During the fiscal quarter ended March 31, 2024, our executive officers and directors adopted the following trading arrangements that are intended to satisfy the affirmative defense of Rule 10b5-1(c).

| Name & Title  | Date of Adoption | Duration of Trading Arrangement | Maximum Number of Securities to be Sold <sup>(1)</sup> |
|---|------------------|---------------------------------|--|
| <b>John Kao<sup>(2)</sup></b><br><b>Chief Executive Officer</b>             | 3/14/2024        | 9/16/24 – 6/13/25               | 900,000  |
| <b>Thomas Freeman<sup>(3)</sup></b><br><b>Chief Financial Officer</b>       | 3/15/2024        | 6/14/24 – 6/13/25               | 518,000  |
| <b>Dawn Maroney</b><br><b>President, Markets</b>                            | 3/13/2024        | 6/12/24 – 3/21/25               | 400,000  |
| <b>Hakan Kardes</b><br><b>Chief Experience Officer</b>                      | 3/14/2024        | 6/13/24 – 4/25/25               | 125,000  |
| <b>Christopher Joyce</b><br><b>Chief Legal &amp; Administrative Officer</b> | 3/15/2024        | 9/16/24 – 3/14/25               | 50,000   |
| <b>Jeffrey Margolis<sup>(4)</sup></b><br><b>Director</b>                    | 3/15/2024        | 6/14/24 – 3/14/25               | 13,500   |

(1) Securities reported in this column include securities subject to limit orders and such orders may not fill if limit order conditions are not met.

(2) Plan modification by JEK Trust dated February 8, 2021, of which Mr. Kao is the trustee.

(3) Plan adopted by FCO Holdings LLC, a limited liability company owned by FCO Holdings Trust One, an irrevocable trust.

(4) Plan adopted by the Margolis Family Trust 12/23/98, of which Mr. Margolis is the trustee.

#### ***Amended & Restated Stockholders Agreement***

On April 30, 2024, the Company entered into an amended and restated stockholders agreement (the “A&R Stockholders Agreement”) with funds managed by General Atlantic (“GA”) and Warburg Pincus LLC (“Warburg,” and together with GA, the “Lead Stockholders”), which amends and restates in its entirety the stockholders agreement dated as of March 30, 2021, to, among other things, (i) to remove certain rights held by the Lead Stockholders to appoint directors to certain Board committees and committee chair positions; and (ii) to remove certain approval rights held by GA, including, among other things, to approve (a) certain acquisitions or dispositions by the Company; (b) any transaction in which any person or group acquires more than 50% of the then outstanding capital stock of the Company or the power to elect a majority of the members of the Board; and (c) the hiring or termination of the Company’s Chief Executive Officer. The foregoing description is not complete and is qualified in its entirety by reference to the full text of the A&R Stockholders Agreement, which is attached as Exhibit 10.1 to this Quarterly Report on Form 10-Q and incorporated in this Item 5 by reference.



**Item 6. Exhibits.**

| <b>Exhibit Number</b> | <b>Description</b>  |
|-----------------------|---|
| 3.1                   | <a href="#">Amended and Restated Certificate of Incorporation of Alignment Healthcare, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on March 30, 2021).</a>   |
| 3.2                   | <a href="#">Amended and Restated Bylaws of Alignment Healthcare, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Form 10-K filed on February 27, 2024).</a>   |
| 4.1                   | <a href="#">Registration Rights Agreement, dated as of March 30, 2021, among Alignment Healthcare, Inc. and the other signatories party thereto (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on March 30, 2021).</a> |
| 10.1*                 | <a href="#">Amended and Restated Stockholders Agreement, dated as of April 30, 2024, among Alignment Healthcare, Inc. and the other signatories party thereto.</a>  |
| 31.1*                 | <a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>                           |
| 31.2*                 | <a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>                           |
| 32.1**                | <a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>  |
| 32.2**                | <a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>  |
| 101.INS*              | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.  |
| 101.SCH*              | Inline XBRL Taxonomy Extension Schema Document  |
| 101.CAL*              | Inline XBRL Taxonomy Extension Calculation Linkbase Document  |
| 101.DEF*              | Inline XBRL Taxonomy Extension Definition Linkbase Document   |
| 101.LAB*              | Inline XBRL Taxonomy Extension Label Linkbase Document  |
| 101.PRE*              | Inline XBRL Taxonomy Extension Presentation Linkbase Document   |
| 104*                  | Cover Page Interactive Data File (embedded within the Inline XBRL document)   |

\* Filed herewith.

\*\* Furnished herewith

+ Indicates management contract or compensatory plan.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Alignment Healthcare, Inc.

Date: May 2, 2024

By: \_\_\_\_\_  
/s/ John Kao  
**John Kao**  
**President and Chief Executive Officer**

Date: May 2, 2024

By: \_\_\_\_\_  
/s/ Thomas Freeman  
**Thomas Freeman**  
**Chief Financial Officer**

## AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

THIS AMENDED AND RESTATED STOCKHOLDERS AGREEMENT (this “Agreement”) is made and entered into as of April 30, 2024, by and among Alignment Healthcare, Inc., a Delaware corporation (the “Company”), General Atlantic (ALN HLTH), LP, a Delaware limited partnership (together with its affiliated investment entities, the “GA Stockholder”), and Warburg Pincus Private Equity XII, L.P., a Delaware limited partnership, WP XII Partners, L.P., a Delaware limited partnership, Warburg Pincus Private Equity XII-B, L.P., a Delaware limited partnership, Warburg Pincus XII Partners, L.P., a Delaware limited partnership, Warburg Pincus Private Equity XII-D, L.P., a Delaware limited partnership, and Warburg Pincus Private Equity XII-E, L.P., a Delaware limited partnership (collectively, the “Warburg Stockholder” and, together with the GA Stockholder, the “Lead Stockholders”), and amends and restates in its entirety the Stockholders Agreement of the Company, dated as of March 30, 2021 (the “Original Agreement Date”, and such agreement, the “Original Agreement”).

### RECITALS

WHEREAS, as of the Original Agreement Date, the Lead Stockholders collectively held a majority of the outstanding capital stock of the Company;

WHEREAS, in connection with, and effective upon, the date of completion of the initial public offering of the Company (the “Effective Date”), the Company and the Lead Stockholders agreed to certain understandings between such parties, including with respect to certain governance matters; and

WHEREAS, the Company and the Lead Stockholders wish to amend and restate the Original Agreement as provided herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Lead Stockholders, intending to be legally bound, hereby amend and restate the Original Agreement as follows:

### AGREEMENT

1. Defined Terms. In addition to the terms defined elsewhere herein, the following terms have the following meaning when used herein with initial capital letters:

“Affiliate” of any Person shall mean any other Person controlled by, controlling or under common control with such first Person; where “control” (including, with its correlative meanings, “controlling,” “controlled by” and “under common control with”) means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities, by contract or otherwise).

“Beneficially Own” shall mean that a specified person has or shares the right, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, to vote shares of capital stock of the Company.

“Board” means the board of directors of the Company.

“Common Stock” means common stock of the Company, par value \$0.001 per share.

“Director” means any member of the Board.

“Person” means any individual, corporation, limited liability company, partnership, trust, joint stock company, business trust, unincorporated association, joint venture, governmental authority or other entity or organization, including a government or any subdivision or agency thereof.

“Subsidiary” means with respect to any Person, any corporation, limited liability company, partnership, association, trust or other form of legal entity, of which (a) such first Person directly or indirectly owns or controls at least a majority of the securities or other interests having by their terms voting power to elect a majority of the board of directors or others performing similar functions, or (b) such first Person is a general partner or managing member (excluding partnerships in which such Person or any Subsidiary thereof does not have a majority of the voting interests in such partnership).

## 2. Board of Directors.

(a) Subject to the other provisions of this Section 2, as of the Effective Date, the number of Directors constituting the full Board shall initially be fixed at nine (9), who shall be divided into three (3) classes of Directors in accordance with the terms of the Company’s Certificate of Incorporation. As of the Effective Date, the nine (9) directors shall be divided into three (3) classes as follows:

- (i) the Class I Directors shall include Mark McClellan, Robbert Vorhoff and Thomas Carella;
- (ii) the Class II Directors shall include David Hodgson, Jacqueline Kosecoff and Jeff Margolis; and
- (iii) the Class III Directors shall include John Kao, Joseph Konowiecki and Margaret McCarthy.

(b) For the avoidance of doubt, Section 2(a) is applicable solely to the initial composition of the Board as of the Effective Date, except that, subject to the Company’s Certificate of Incorporation, a Director shall remain a member of the class of Directors to which he or she was assigned in accordance with Section 2(a).

(c) From the Effective Date, the GA Stockholder shall have the right, but not the obligation, to nominate to the Board a number of designees (such persons, the “Nominees”) equal to at least: (i) four (4) Directors, so long as the GA Stockholder Beneficially Owns shares of Common Stock representing over 35% of the Common Stock then outstanding, (ii) three (3) Directors, so long as the GA Stockholder Beneficially Owns shares of Common Stock representing over 25% but less than or equal to 35% of the Common Stock then outstanding, (iii) two (2) Directors so long as the GA Stockholder Beneficially Owns shares of Common Stock representing over 15% but less than or equal to 25% of the Common Stock then outstanding and (iv) one (1) Director so long as the GA Stockholder Beneficially Owns shares of Common Stock representing at least 5% but less than or equal to 15% of the Common Stock then outstanding. The initial Nominees of the GA Stockholder shall be Robbert Vorhoff (as a Class I Director) and David Hodgson (as a Class II Director). At the GA Stockholder’s request, each class of Directors shall include, to the extent practicable, at least one Nominee designated by the GA Stockholder.

(d) From the Effective Date, the Warburg Stockholder shall have the right, but not the obligation, to nominate to the Board one (1) Director so long as the Warburg Stockholder Beneficially Owns shares of Common Stock representing at least 5% of the Common Stock then outstanding. The initial Nominee of the Warburg Stockholder shall be Thomas Carella (as a Class I Director).

(e) In the event that either the GA Stockholder or the Warburg Stockholder has nominated less than the total number of designees that such Lead Stockholder shall be entitled to nominate pursuant to Section 2(c) and Section 2(d), as applicable, such Lead Stockholder shall have the right, at any time, to nominate such additional designees to which it is entitled, in which case, the Company and the Directors shall take all necessary corporation action, to the fullest extent permitted by applicable law (including with respect to fiduciary duties under Delaware law), to enable such Lead Stockholder to nominate and effect the election or appointment of such additional individuals.

(f) The Company shall pay all reasonable out-of-pocket expenses incurred by any Nominee in connection with the performance of his or her duties as a Director and in connection with his or her attendance at any meeting of the Board.

(g) No reduction in the number of shares of Common Stock that each Lead Stockholder Beneficially Owns shall shorten the term of any incumbent Director.

(h) If a Nominee is not appointed or elected to the Board because of such person’s death, disability, disqualification, withdrawal as a Nominee or for another reason is unavailable or unable to serve on the Board, the applicable Lead Stockholder shall be entitled to designate promptly another Nominee and the Director position for which the original Nominee was nominated shall not be filled pending such designation.

(i) At such times as the Company is required by applicable law or stock exchange listing standards to have a majority of the Board comprised of “independent directors” (subject in each case to any applicable phase-in periods), the Nominees shall include a number of persons

that qualify as “independent directors” under applicable law and stock exchange listing standards such that, together with any other “independent directors” then serving on the Board that are not Nominees, the Board is comprised of a majority of “independent directors”; provided, that at any time that a Lead Stockholder shall have any nomination rights under this Section 2, each such Lead Stockholder shall be entitled to nominate at least one (1) Nominee who does not qualify as an “independent director”.

3. Company and Lead Stockholder Obligations.

(a) The Company agrees that, prior to the date that each Lead Stockholder ceases to Beneficially Own shares of Common Stock representing at least 5% of the Common Stock then outstanding, each Nominee is included in the proxy statement prepared by management of the Company in connection with soliciting proxies for every meeting of the stockholders of the Company called with respect to the election of Directors (each, a “Director Election Proxy Statement”), and at every adjournment or postponement thereof, and on every action or approval by written consent of the stockholders of the Company or the Board with respect to the election of members of the Board. Each Lead Stockholder will promptly report to the Company after such Lead Stockholder ceases to Beneficially Own shares of Common Stock representing at least 5% of the Common Stock then outstanding, such that the Company is informed of when this obligation terminates; provided, that such obligation of such Lead Stockholder to notify the Company shall be deemed satisfied if such Lead Stockholder makes a filing under Section 16 of the Securities Exchange Act of 1934 reflecting such change in the Common Stock Beneficially Owned by such Lead Stockholder. The calculation of the number of Nominees that each Lead Stockholder is entitled to nominate for any election of Directors shall be based on the percentage of the Common Stock then outstanding Beneficially Owned by each Lead Stockholder immediately prior to the mailing to stockholders of the Director Election Proxy Statement relating to such election (or, if earlier, the filing of the definitive Director Election Proxy Statement with the U.S. Securities and Exchange Commission). Unless a Lead Stockholder notifies the Company otherwise prior to the mailing to stockholders of the Director Election Proxy Statement relating to an election of Directors, the Nominees for such election shall be presumed to be the same Nominees currently serving on the Board, and no further action shall be required of any Lead Stockholder for such Nominees to be included in the Director Election Proxy Statement; provided, that, in the event a Lead Stockholder is no longer entitled to nominate the full number of Nominees then serving on the Board, such Lead Stockholder shall provide advance written notice to the Company of which currently serving Nominee(s) shall be excluded from the Director Election Proxy Statement, and of any other changes to the list of Nominees.

4. [Reserved].

5. [Reserved].

6. Confidential Information. The Company recognizes that Nominees (a) will from time to time receive non-public information concerning the Company, and (b) may share such information with other individuals associated with the Lead Stockholder that designated such Nominee. The Company hereby irrevocably consents to such sharing, subject to the terms of this

Section 6. Each Lead Stockholder agrees that it will keep confidential and not disclose or divulge to any third party, or use for any purpose, other than to monitor its investment in the Company and its Subsidiaries, any confidential information regarding the Company it receives from the Company or a Nominee, unless such information (x) is known or becomes known to the public in general, (y) is or has been independently developed or conceived by such Lead Stockholder without use of the Company's confidential information or (z) is or has been made known or disclosed to such Lead Stockholder by a third party without a breach of any obligation of confidentiality such third party may have; provided, however, that a Lead Stockholder may disclose confidential information (i) to its Affiliates (other than portfolio companies), (ii) to each of its and its Affiliates' (other than portfolio companies) attorneys, accountants, consultants, advisors and other professionals to the extent necessary to obtain their services in connection with evaluating the information, or (iii) as may be required by law or legal, judicial or regulatory process or requested by any regulatory or self-regulatory authority or examiner, provided that such Lead Stockholder takes reasonable steps to minimize the extent of any required disclosure described in this clause (iii); provided, further, that each Lead Stockholder shall be responsible for compliance with this Section 6 by its Affiliates and advisors described in the foregoing clauses (i) and (ii).

7. Indemnification.

(a) The Company agrees to indemnify and hold harmless each Lead Stockholder, its respective directors, officers, partners, members, managers, Affiliates and controlling persons (each, an "Stockholder Indemnitee") from and against any and all liability, including, without limitation, all obligations, costs, fines, claims, actions, injuries, demands, suits, judgments, proceedings, investigations, arbitrations (including stockholder claims, actions, injuries, demands, suits, judgments, proceedings, investigations or arbitrations) and reasonable expenses, including reasonable accountant's and reasonable attorney's fees and expenses (together the "Losses"), incurred by such Stockholder Indemnitee before or after the Original Agreement Date to the extent arising out of, resulting from, or relating to (i) such Stockholder Indemnitee's purchase and/or ownership of any Common Stock or (ii) any litigation to which any Stockholder Indemnitee is made a party in its capacity as a stockholder or owner of securities (or as a director, officer, partner, member, manager, Affiliate or controlling person of any Lead Stockholder) of the Company (including any predecessor thereof); provided, that the foregoing indemnification rights in this Section 7(a) shall not be available to the extent that (a) any such Losses are incurred as a result of such Stockholder Indemnitee's willful misconduct or gross negligence; (b) any such Losses are incurred as a result of non-compliance by such Stockholder Indemnitee with any laws or regulations applicable to it; or (c) subject to the rights of contribution provided for below, to the extent indemnification for any Losses would violate any applicable law or public policy. For purposes of this Section 7(a), none of the circumstances described in the limitations contained in the proviso in the immediately preceding sentence shall be deemed to apply absent a final non-appealable judgment of a court of competent jurisdiction to such effect, in which case to the extent any such limitation is so determined to apply to any Stockholder Indemnitee as to any previously advanced indemnity payments made by the Company under this Section 7(a), then such payments shall be promptly repaid by such Stockholder Indemnitee to the Company. The rights of any Stockholder Indemnitee to

indemnification hereunder will be in addition to any other rights any such party may have under any other agreement or instrument to which such Stockholder Indemnitee is or becomes a party or is or otherwise becomes a beneficiary or under law or regulation. In the event of any payment of indemnification pursuant to this Section 7(a), to the extent that any Stockholder Indemnitee is indemnified for Losses, except as set forth in Section 7(d), the Company will be subrogated to the extent of such payment to all of the related rights of recovery of the Stockholder Indemnitee to which such payment is made against all other Persons. Such Stockholder Indemnitee shall execute all papers reasonably required to evidence such rights. The Company will be entitled at its election to participate in the defense of any third party claim upon which indemnification is due pursuant to this Section 7(a) or to assume the defense thereof, with counsel reasonably satisfactory to such Stockholder Indemnitee unless, in the reasonable judgment of the Stockholder Indemnitee, a conflict of interest between the Company and such Stockholder Indemnitee may exist, in which case such Stockholder Indemnitee shall have the right to assume its own defense and the Company shall be liable for all reasonable expenses therefor. Except as set forth above, should the Company assume such defense all further defense costs of the Stockholder Indemnitee in respect of such third party claim shall be for the sole account of such party and not subject to indemnification hereunder. The Company will not without the prior written consent of the Stockholder Indemnitee (which consent shall not be unreasonably withheld) effect any settlement of any threatened or pending third party claim in which such Stockholder Indemnitee is or could have been a party and be entitled to indemnification hereunder unless such settlement solely involves the payment of money by the Company and includes an unconditional release of such Stockholder Indemnitee from all liability and claims that are the subject matter of such claim. If the indemnification provided for above is unavailable in respect of any Losses, then the Company, in lieu of indemnifying an Stockholder Indemnitee, shall, if and to the extent permitted by law, contribute to the amount paid or payable by such Stockholder Indemnitee in such proportion as is appropriate to reflect the relative fault of the Company and such Stockholder Indemnitee in connection with the actions which resulted in such Losses, as well as any other equitable considerations.

(b) The Company agrees to pay or reimburse (i) the Lead Stockholders for all reasonable costs and expenses (including reasonable attorneys' fees, charges, disbursement and expenses) incurred in connection with any amendment, supplement, modification or waiver of or to any of the terms or provisions of this Agreement or any related agreements and (ii) each Lead Stockholder for all costs and expenses of such Lead Stockholder (including reasonable attorneys' fees, charges, disbursement and expenses) incurred in connection with (1) the consent to any departure by the Company or any of its Subsidiaries from the terms of any provision of this Agreement or any related agreements and (2) the enforcement or exercise by such Lead Stockholder of any right granted to it or provided for hereunder.

(c) The Company and its Subsidiaries shall obtain customary director and officer indemnity insurance on commercially reasonable terms which insurance shall cover each member of the Board and the members of each board of directors of each of the Company's Subsidiaries. The Company and its Subsidiaries shall enter into director indemnification agreements substantially in the form attached as Exhibit A hereto, with each of the Nominees.



(d) The Company hereby acknowledges that the Stockholder Indemnitee may have certain rights to advancement and/or indemnification by certain Affiliates of the GA Stockholder or certain Affiliates of the Warburg Stockholder (collectively, the “Fund Indemnitors”). In all events, (i) the Company hereby agrees that it is the indemnitor of first resort (i.e., its obligation to a Stockholder Indemnitee to provide advancement and/or indemnification to such Stockholder Indemnitee are primary and any obligation of the Fund Indemnitors (including any Affiliate thereof other than the Company) to provide advancement or indemnification hereunder or under any other indemnification agreement (whether pursuant to contract, by-laws or charter), or any obligation of any insurer of the Fund Indemnitors to provide insurance coverage, for the same expenses, liabilities, judgments, penalties, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such expenses, liabilities, judgments, penalties, fines and amounts paid in settlement) incurred by such Stockholder Indemnitee are secondary and it irrevocably waives any claims against the Fund Indemnitors for contribution, subrogation, reimbursement or any other recovery of any kind for which the Company is liable pursuant to this Agreement and the Company’s by-laws or charter and (ii) if any Fund Indemnitor (or any Affiliate thereof, other than the Company) pays or causes to be paid, for any reason, any amounts otherwise indemnifiable hereunder or under any other indemnification agreement (whether pursuant to contract, by-laws or charter) with such Stockholder Indemnitee, then (x) such Fund Indemnitor (or such Affiliate, as the case may be) shall be fully subrogated to all rights of such Stockholder Indemnitee with respect to such payment and (y) the Company shall fully indemnify, reimburse and hold harmless such Fund Indemnitor (or such other Affiliate, as the case may be) for all such payments actually made by such Fund Indemnitor (or such other Affiliate, as the case may be).

8. Amendment and Waiver. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by the Company and each Lead Stockholder that Beneficially Owns at least 5% of the Common Stock then outstanding, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law. The Lead Stockholders shall not be obligated to nominate all (or any) of the Nominees they are entitled to nominate pursuant to this Agreement for any election of Directors but the failure to do so shall not constitute a waiver of rights hereunder with respect to future elections; provided, however, that in the event a Lead Stockholder fails to nominate all (or any) of the Nominees it is entitled to nominate pursuant to this Agreement prior to the mailing to stockholders of the Director Election Proxy Statement relating to such election (or, if earlier, the filing of the definitive Director Election Proxy Statement with the U.S. Securities and Exchange Commission), the Nominating, Corporate Governance and Compliance Committee of the Board shall be entitled to nominate individuals in lieu of such Nominees for inclusion in the applicable Director Election Proxy Statement with respect to the election for which such failure occurred and such Lead Stockholder shall be deemed to have waived its rights hereunder with respect to such election; provided, further, however, that any such waiver shall only be effective if the Company has provided written notice to such Lead Stockholder of such

Director Election Proxy Statement no less than 20 business days, and no more than 40 business days, prior to the earlier of the mailing or filing date of such Director Election Proxy Statement. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

9. Benefit of Parties. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors and assigns. Notwithstanding the foregoing, the Company may not assign any of its rights or obligations hereunder without the prior written consent of each Lead Stockholder that Beneficially Own shares of Common Stock representing at least 5% of the Common Stock then outstanding. Except as otherwise expressly provided in Section 10, nothing herein contained shall confer or is intended to confer on any third party or entity that is not a party to this Agreement any rights under this Agreement.

10. Assignment. Upon written notice to the Company, each Lead Stockholder may assign to any Affiliate (other than a portfolio company) all of its rights hereunder and, following such assignment, such assignee shall be deemed to be a “Lead Stockholder” for all purposes hereunder.

11. Headings. Headings are for ease of reference only and shall not form a part of this Agreement.

12. Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of Delaware without giving effect to the principles of conflicts of laws thereof.

13. Jurisdiction. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement may be brought against any of the parties in any federal court located in the State of Delaware or any Delaware state court, and each of the parties hereby consents to the exclusive jurisdiction of such court (and of the appropriate appellate courts) in any such suit, action or proceeding and waives any objection to venue laid therein. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each of the parties agrees that service of process upon such party at the address referred to in Section 20, together with written notice of such service to such party, shall be deemed effective service of process upon such party.

14. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

15. Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, both written and oral among the parties with respect to the subject matter hereof.

16. Termination. This Agreement shall terminate upon the earliest to occur of any one of the following events: (a) (i) with respect to the GA Stockholder only, at such time as the GA

Stockholder no longer Beneficially Owns shares of Common Stock representing at least 5% of the Common Stock then outstanding and (ii) with respect to the Warburg Stockholder only, at such time as the Warburg Stockholder no longer Beneficially Owns shares of Common Stock representing at least 5% of the Common Stock then outstanding and (b) the unanimous written consent of the parties hereto. Notwithstanding the foregoing, Sections 7 through 23 shall survive any termination of this Agreement.

17. Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

18. Further Assurances. Each of the parties hereto shall execute and deliver such further instruments and do such further acts and things as may be required to carry out the intent and purpose of this Agreement.

19. Specific Performance. Each of the parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in any federal or state court located in the State of Delaware, in addition to any other remedy to which they are entitled at law or in equity.

20. Notices. All notices, requests and other communications to any party shall be in writing (including email or similar writing) and shall be given:

If to the Company:

Alignment Healthcare, Inc.  
c/o Alignment Healthcare USA, LLC  
1100 West Town and Country Road, #1600  
Orange, CA 92868  
Attention: General Counsel  
Fax: (949) 679-0005  
Email: LegalNotices@ahcusa.com

With a copy to (which shall not constitute notice):

Paul, Weiss, Rifkind, Wharton & Garrison LLP  
1285 Avenue of the Americas  
New York, NY 10019-6064  
Attention: Neil Goldman  
Email: ngoldman@paulweiss.com

If to the GA Stockholder or any of its Nominees:

c/o General Atlantic Service Company, L.P.  
55 East 52<sup>nd</sup> Street, 33<sup>rd</sup> Floor  
New York, NY 10055  
Attention: Chris Lanning  
Email: clanning@generalatlantic.com

With a copy to (which shall not constitute notice):

Paul, Weiss, Rifkind, Wharton & Garrison LLP  
1285 Avenue of the Americas  
New York, NY 10019-6064  
Attention: Neil Goldman  
Email: ngoldman@paulweiss.com

If to the Warburg Stockholder or any of its Nominees:

Warburg Pincus LLC  
450 Lexington Avenue  
New York, NY 10017  
Attention: Lora Giampetruzzi, Esq.  
Email: notices@warburgpincus.com

or to such other address or email address as such party may hereafter specify for the purpose by notice to the other parties. Each such notice, request or other communication shall be effective when delivered at the address specified in this Section 20 during regular business hours.

21. Enforcement. Each of the parties hereto covenants and agrees that the disinterested members of the Board have the right to enforce, waive or take any other action with respect to this Agreement on behalf of the Company.

22. Interpretation. Each of the parties hereto acknowledges that each party has been represented by legal counsel in connection with this Agreement. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the drafting party has no application and is expressly waived.

23. Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original. This Agreement shall become effective when each party shall have received a counterpart hereof signed by each of the other parties. An executed copy or counterpart hereof delivered by facsimile shall be deemed an original instrument.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Stockholders Agreement as of the date first set forth above.

**ALIGNMENT HEALTHCARE, INC.**

By:     /s/ John Kao      
Name: John Kao  
Title: Chief Executive Officer

[Signature Page to Amended and Restated Stockholders Agreement]

**GENERAL ATLANTIC (ALN HLTH), LP**

By: General Atlantic (SPV) GP, LLC,  
its General Partner

By:     /s/ D. Gordon Cruess      
Name: D. Gordon Cruess  
Title: Managing Director

[Signature Page to Amended and Restated Stockholders Agreement]

**WARBURG PINCUS PRIVATE EQUITY XII, L.P.**

By: Warburg Pincus XII, L.P., its general partner

By: WP Global LLC, its general partner

By: Warburg Pincus Partners II, L.P., its managing member

By: Warburg Pincus Partners GP LLC, its general partner

By: Warburg Pincus & Co., its managing member

By:  /s/ Thomas Carella

Name: Thomas Carella

Title: Managing Director

**WP XII PARTNERS, L.P.**

By: Warburg Pincus XII, L.P., its general partner

By: WP Global LLC, its general partner

By: Warburg Pincus Partners II, L.P., its managing member

By: Warburg Pincus Partners GP LLC, its general partner

By: Warburg Pincus & Co., its managing member

By:  /s/ Thomas Carella

Name: Thomas Carella

Title: Managing Director

**WARBURG PINCUS PRIVATE EQUITY XII-B, L.P.**

By: Warburg Pincus XII, L.P., its general partner

By: WP Global LLC, its general partner

By: Warburg Pincus Partners II, L.P., its managing member

By: Warburg Pincus Partners GP LLC, its general partner

By: Warburg Pincus & Co., its managing member

By:     /s/ Thomas Carella    

Name: Thomas Carella

Title: Managing Director

**WARBURG PINCUS XII PARTNERS, L.P.**

By: Warburg Pincus XII, L.P., its general partner

By: WP Global LLC, its general partner

By: Warburg Pincus Partners II, L.P., its managing member

By: Warburg Pincus Partners GP LLC, its general partner

By: Warburg Pincus & Co., its managing member

By:     /s/ Thomas Carella    

Name: Thomas Carella

Title: Managing Director

[Signature Page to Amended and Restated Stockholders Agreement]



**WARBURG PINCUS PRIVATE EQUITY XII-D, L.P.**

By: Warburg Pincus XII, L.P., its general partner

By: WP Global LLC, its general partner

By: Warburg Pincus Partners II, L.P., its managing member

By: Warburg Pincus Partners GP LLC, its general partner

By: Warburg Pincus & Co., its managing member

By:  /s/ Thomas Carella

Name: Thomas Carella

Title: Managing Director

**WARBURG PINCUS PRIVATE EQUITY XII-E, L.P.**

By: Warburg Pincus XII, L.P., its general partner

By: WP Global LLC, its general partner

By: Warburg Pincus Partners II, L.P., its managing member

By: Warburg Pincus Partners GP LLC, its general partner

By: Warburg Pincus & Co., its managing member

By:  /s/ Thomas Carella

Name: Thomas Carella

Title: Managing Director

[Signature Page to Amended and Restated Stockholders Agreement]



**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas Freeman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Alignment Healthcare, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

By: \_\_\_\_\_ /s/ Thomas Freeman

**Thomas Freeman  
Chief Financial Officer**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Alignment Healthcare, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Kao, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 2, 2024

By: \_\_\_\_\_ /s/ John Kao  
**John Kao**  
**President and Chief Executive Officer**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Alignment Healthcare, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas Freeman, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 2, 2024

By: \_\_\_\_\_ /s/ Thomas Freeman  
**Thomas Freeman**  
**Chief Financial Officer**