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 June 30, 2025

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	**46-5596242**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1100 W. Town and Country Road, Suite 1600 Orange, California	**92868**
(Address of principal executive offices)	(Zip Code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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 July 25, 2025, the registrant had 198,031,417 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 health plans on the Five Star Quality Rating System;
- our ability to develop and maintain satisfactory relationships with care providers who 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;
- 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)

	June 30, 2025		December 31, 2024	
Assets				
Current Assets:				
Cash and cash equivalents	$	470,266	$	432,859
Accounts receivable (less allowance for credit losses of $262 at June 30, 2025 and $0 at December 31, 2024)		282,931		153,904
Investments - current		33,511		37,791
Prepaid expenses and other current assets		93,414		37,084
Total current assets		880,122		661,638
Property and equipment, net		69,523		67,139
Right of use asset, net		7,579		7,818
Goodwill		32,060		34,826
Intangible Assets, net		4,550		4,550
Other assets		6,316		6,092
Total assets	$	1,000,150	$	782,063
Liabilities and Stockholders' Equity				
Current Liabilities:				
Medical expenses payable	$	455,154	$	289,788
Accounts payable and accrued expenses		31,357		22,126
Accrued compensation		43,016		39,931
Total current liabilities		529,527		351,845
Long-term debt, net of debt issuance costs		322,295		321,428
Long-term portion of lease liabilities		7,361		7,835
Total liabilities		859,183		681,108
Commitments and Contingencies (Note 12)				
Stockholders' Equity:				
Preferred stock, $.001 par value; 100,000,000 shares authorized as of June 30, 2025 and December 31, 2024, respectively; no shares issued and outstanding as of June 30, 2025 and December 31, 2024		—		—
Common stock, $.001 par value; 1,000,000,000 shares authorized as of June 30, 2025 and December 31, 2024; 197,958,237 and 191,778,639 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively		198		192
Additional paid-in capital		1,142,509		1,107,952
Accumulated deficit		(1,001,740)		(1,008,293)
Total Alignment Healthcare, Inc. stockholders' equity		140,967		99,851
Noncontrolling interest		—		1,104
Total stockholders' equity		140,967		100,955
Total liabilities and stockholders' equity	$	1,000,150	$	782,063

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues:				
Earned premiums	$ 1,006,203	$ 674,094	$ 1,924,246	$ 1,295,650
Other	9,085	7,192	17,974	14,237
Total revenues	1,015,288	681,286	1,942,220	1,309,887
Expenses:				
Medical expenses	881,740	605,312	1,702,640	1,178,530
Selling, general, and administrative expenses	103,797	87,863	207,628	178,375
Depreciation and amortization	7,003	6,493	14,597	12,470
Total expenses	992,540	699,668	1,924,865	1,369,375
Income (loss) from operations	22,748	(18,382)	17,355	(59,488)
Other expenses:				
Interest expense	3,950	5,691	7,900	11,118
Other income, net	(79)	(92)	(89)	(50)
Total other expense	3,871	5,599	7,811	11,068
Income (loss) before income taxes	18,877	(23,981)	9,544	(70,556)
Provision for income taxes	3,224	22	3,245	22
Net income (loss)	$ 15,653	$ (24,003)	$ 6,299	$ (70,578)
Less: Net income (loss) attributable to noncontrolling interest	(14)	7	(254)	(47)
Net income (loss) attributable to Alignment Healthcare, Inc.	$ 15,667	$ (24,010)	$ 6,553	$ (70,531)
Net income (loss) per share attributable to Alignment Healthcare, Inc.:				
Basic	0.08	(0.13)	0.03	(0.37)
Diluted	0.07	(0.13)	0.03	(0.37)
Weighted-average common shares outstanding:				
Basic	198,328,613	190,891,787	195,980,569	189,948,725
Diluted	209,519,629	190,891,787	201,576,078	189,948,725

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						
	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Noncontrolling Interest	Total
Balance at March 31, 2025	197,667,653	$ 198	$ 1,125,340	$ (1,017,407)	$ 864	$ 108,995
Net income (loss)	—	—	—	15,667	(14)	15,653
Issuance of common stock upon vesting of restricted stock units	191,477	—	—	—	—	—
Equity-based compensation	—	—	15,553	—	—	15,553
Stock options exercised	99,107	—	1,616	—	—	1,616
Sale of consolidated subsidiary	—	—	—	—	(850)	(850)
Balance at June 30, 2025	197,958,237	$ 198	$ 1,142,509	$ (1,001,740)	$ —	$ 140,967

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Noncontrolling interest	Total
Balance at March 31, 2024	191,156,569	$ 191	$ 1,057,519	$ (926,779)	$ 1,086	$ 132,017
Net income (loss)	—	—	—	(24,010)	7	(24,003)
Issuance of common stock upon vesting of restricted stock units	80,178	—	—	—	—	—
Equity-based compensation	—	—	16,784	—	—	16,784
Balance at June 30, 2024	191,236,747	$ 191	$ 1,074,303	$ (950,789)	$ 1,093	$ 124,798

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					
	Shares	**Amount**	**Additional Paid-In Capital**	**Accumulated Deficit**	**Noncontrolling interest**	**Total**
Balance at December 31, 2024	191,778,639	$ 192	$ 1,107,952	$ (1,008,293)	$ 1,104	$ 100,955
Net income (loss)	—	—	—	6,553	(254)	6,299
Issuance of common stock upon vesting of restricted stock units	6,056,296	—	—	—	—	—
Forfeitures	(277)	—	—	—	—	—
Equity-based compensation	—	6	32,734	—	—	32,740
Stock Options exercised	123,579	—	1,823	—	—	1,823
Sale of consolidated subsidiary	—	—	—	—	(850)	(850)
Balance at June 30, 2025	197,958,237	$ 198	$ 1,142,509	$ (1,001,740)	$ —	$ 140,967

	Common Stock					
	Shares	**Amount**	**Additional Paid-In Capital**	**Accumulated Deficit**	**Noncontrolling interest**	**Total**
Balance at December 31, 2023	188,951,643	$ 189	$ 1,037,015	$ (880,258)	$ 1,125	$ 158,071
Net income (loss)	—	—	—	(70,531)	(47)	(70,578)
Issuance of common stock upon vesting of restricted stock units	2,357,723	2	—	—		2
Forfeitures	(2,799)	—	—	—	—	—
Shares withheld related to net restricted stock settlement	(69,820)		(350)			(350)
Equity-based compensation	—	—	37,638	—	—	37,638
Repurchase of noncontrolling interest attributable to subsidiary	—	—	—	—	15	15
Balance at June 30, 2024	191,236,747	$ 191	$ 1,074,303	$ (950,789)	$ 1,093	$ 124,798

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2025	2024
Operating Activities:		
Net income (loss)	$ 6,299	$ (70,578)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision for credit loss	262	95
Loss on right of use assets	—	143
Gain on sale of property and equipment	(72)	—
Depreciation and amortization	14,663	12,568
Amortization-investment discount	(731)	(1,762)
Amortization-debt issuance costs	881	612
Equity-based compensation	32,740	37,638
Non-cash lease expense	246	930
Changes in operating assets and liabilities:		
Accounts receivable	(129,259)	(63,560)
Prepaid expenses and other current assets	(56,333)	(7,221)
Other assets	(52)	92
Medical expenses payable	165,366	109,970
Accounts payable and accrued expenses	8,554	1,373
Deferred premium revenue	77	(310)
Accrued compensation	3,085	(1,278)
Lease liabilities	20	(1,421)
Net cash provided by operating activities	45,746	17,291
Investing Activities:		
Purchase of investments	(35,001)	(40,000)
Sale of property and equipment	75	—
Maturities of investments	39,990	132,525
Sale of business	1,065	—
Acquisition of property and equipment	(16,255)	(22,854)
Net cash (used in) provided by investing activities	(10,126)	69,671
Financing Activities:		
Proceeds from long-term debt	—	50,000
Payment of employment taxes related to release of restricted stock	—	(350)
Debt issuance costs	(26)	(512)
Proceeds from stock option exercises	1,823	—
Contributions from noncontrolling interest holders	—	15
Net cash provided by financing activities	1,797	49,153
Net increase in cash	37,417	136,115
Cash, cash equivalents and restricted cash at beginning of period	434,942	204,954
Cash, cash equivalents and restricted cash at end of period	$ 472,359	$ 341,069
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 6,740	$ 10,247
Supplemental non-cash investing and financing activities:		
Acquisition of property in accounts payable	$ 117	$ 122

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

	June 30, 2025	June 30, 2024
Cash and cash equivalents	$ 470,266	$ 339,007
Restricted cash in other assets	2,093	2,062
Total	$ 472,359	$ 341,069

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 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 (“GAAP”). The balance sheet as of December 31, 2024, 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, 2024 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. As of June 30, 2025, the Company sold the subsidiary that included the noncontrolling interest. The gain/loss on the sale was immaterial.

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.

The CODM assesses the Company's performance by using consolidated net income (loss) which is reported on the condensed consolidated statements of operations as net income (loss). This measure is used predominantly by the CODM in the annual budget and forecasting process. The CODM considers budget-to-actual variances on a quarterly basis when making decisions about the allocation of operating and capital resources for the Company.

In addition to net income (loss), the CODM is also provided information on certain significant segment expenses which are presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues:	$ 1,015,288	$ 681,286	$ 1,942,220	$ 1,309,887
Expenses:				
Medical expenses (less depreciation and equity-based compensation)	880,113	604,504	1,699,828	1,176,537
Selling, general, and administrative expenses (less equity-based compensation)	89,838	71,841	177,634	142,632
Other segment expenses (1)	25,734	23,253	50,559	50,178
Interest expense	3,950	5,691	7,900	11,118
Net income (loss)	$ 15,653	$ (24,003)	$ 6,299	$ (70,578)

(1) Other segment items included in segment net income (loss) includes equity-based compensation, depreciation and amortization, other expenses (income), and provision for income taxes.

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, and long-term debt was determined based on Level 2 inputs. There were no assets or liabilities measured at fair value using Level 3 inputs as of June 30, 2025 and December 31, 2024.

Revenue and Accounts Receivable

Earned premium revenue consisted of premium revenue and capitation revenue for the three and six months ended June 30, 2025 and 2024 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Premium	$ 1,004,580	$ 673,532	$ 1,921,202	$ 1,293,254
Capitation	1,623	562	3,044	2,396
Total	$ 1,006,203	$ 674,094	$ 1,924,246	$ 1,295,650

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.

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 Realizing Equity, Access, and Community Health Model” or “ACO REACH” model, 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 is 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 also assumes specified upside and downside financial risks 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. Revenue recognized by the ACO for the three and six months ended June 30, 2025 was $310 and $752, respectively. Revenue recognized by the ACO for the three and six months ended June 30, 2024 was $(744) and $241, respectively. On July 30, 2025, we notified CMS that we will discontinue our participation in the ACO REACH model as of December 31, 2025. We expect this to have an immaterial impact to our financial results.

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 and six months ended June 30, 2025 was $6,731 and $13,230, respectively. Interest income for the three and six months ended June 30, 2024 was $5,602 and $11,045, 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 and Texas 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 June 30, 2025 and December 31, 2024.

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 adjustments are 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 consolidated balance sheets based on the timing of expected settlement.

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.

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 increased financial responsibility for certain drug manufacturers. The provisions of the law are set to take effect over the next seven years. For the three and six months ended June 30, 2025, we experienced an increase in both Part D premium revenues and medical expenses as a result of the IRA. Our 2025 bid pricing and budget reflect the expected impact the IRA will have on our business for fiscal year 2025. For the three and six months ended June 30, 2024 there was an immaterial impact to operations.

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 contract and 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, Manufacturer Discount Program, Coverage Gap Discount, and the Low-Income Member Cost Sharing Subsidy ("Part D 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. In 2025, the IRA retired the Coverage Gap Discount Program and introduced the Manufacturer Discount Program. While CMS's share of the drug cost liability is expected to decline from Catastrophic Reinsurance and Low-Income Member Cost Sharing, prescription drug manufacturers are expected to experience increased liability. These program changes and the corresponding changes in prepayments were embedded in the 2025 bid pricing.

These Part D 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 sheets. 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 June 30, 2025 and December 31, 2024, we recorded an allowance for credit losses 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 sheets.

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.

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”), performance stock units ("PSUs") and restricted stock awards (“RSAs”) is estimated based on the fair value of our underlying common stock on the date of grant.

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 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 three or four years.

Equity-based compensation expense for PSU 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.

Net Income (Loss) per Share

Net income or loss per share is calculated based on net income or loss attributable to Alignment Healthcare, Inc.'s stockholders. Potentially dilutive common stock equivalents for the Company include stock options, unvested RSUs, unvested PSUs, and convertible senior notes.

Diluted net income (loss) per share includes the components of basic net income (loss) per share and also gives effect to dilutive common stock equivalents. Diluted net income (loss) per share reflects the potential dilution that could occur if securities or other instruments that are convertible into common stock were exercised or could result in the issuance of common stock. For the purposes of computing diluted net income (loss) per share, weighted average shares outstanding do not include potentially dilutive securities that are anti-dilutive under the treasury stock method or if-converted method, and performance-based equity awards are included based on the attainment of the applicable performance metrics as of the end of the reporting period.

The following table sets forth the computation of basic and diluted net income or loss per share for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net income (loss)	$ 15,653	$ (24,003)	$ 6,299	$ (70,578)
Less: Net income (loss) attributable to noncontrolling interests	(14)	7	(254)	(47)
Net income (loss) attributable to Alignment Healthcare, Inc.	$ 15,667	$ (24,010)	$ 6,553	$ (70,531)
Denominator:				
Total weighted-average common shares outstanding	198,328,613	191,431,917	196,003,736	190,514,927
Less: Restricted shares of common stock	—	(540,130)	(23,167)	(566,202)
Total weighted-average common shares outstanding, net of restricted shares of common stock - basic	198,328,613	190,891,787	195,980,569	189,948,725
Dilutive effect of:				
Stock options	405,903	—	202,952	—
RSUs	8,111,256	—	4,055,628	—
PSUs	2,673,857	—	1,336,929	—
Shares used to compute diluted income (loss) per common share	209,519,629	190,891,787	201,576,078	189,948,725
Net income (loss) per share:				
Basic income (loss) per share	$ 0.08	$ (0.13)	$ 0.03	$ (0.37)
Diluted income (loss) per share	$ 0.07	$ (0.13)	$ 0.03	$ (0.37)

Options outstanding that are antidilutive and therefore not factored into the weighted average common shares above were 7,566,269 for the three and six months ended June 30, 2025. RSUs outstanding that are antidilutive and therefore not factored into the weighted average common shares above were 12,687 for the three and six months ended June 30, 2025. Shares used to compute diluted income (loss) per common shares also excludes 25,720,959 potentially outstanding shares related to our convertible senior notes, as these had an antidilutive effect on diluted income (loss) per share. Additionally, we excluded the PSUs granted in March 2024 and 2025, as the performance periods for these PSUs begin subsequent to June 30, 2025. See Note 10, Equity-Based Compensation.

Basic net income (loss) per share is the same as diluted net income (loss) per share for periods in which we recorded a net loss as the inclusion of all potentially dilutive shares would have been anti-dilutive.

Recent Accounting Pronouncements Issued

In November 2024, the FASB issued ASU 2024-04 “Debt with Conversion and Other Options”, which improves and clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. ASU 2024-04 is effective for annual periods beginning after December 15, 2025 (and interim reporting periods within those annual reporting periods). The Company is currently evaluating the impact of this ASU on its financial statements.

In November 2024, the FASB issued ASU 2024-03 “Disaggregation of Income Statement Expenses”, which improves income statement presentation and disclosures related to expenses. It requires a public entity to disaggregate key expense categories such as employee compensation, depreciation and intangible asset amortization within its financial statements. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods within the Company's fiscal year 2028, with early adoption permitted. The Company is currently evaluating the impact of this ASU on its disclosures of income statement expenses.

In December 2023, the FASB issued ASU 2023-09 “Income Taxes (Topic 740): Improvements to Income Tax Disclosures”, which requires public entity to disclose, on an annual basis, a tabular rate reconciliation using both percentages and currency amounts, broken out into specified categories with certain reconciling items further broken out by nature and jurisdiction to the extent those items exceed a specified threshold. In addition, all entities are required to disclose income taxes paid, net of refunds received disaggregated by federal, state/local, and foreign and by jurisdiction if the amount is at least 5% of total income tax payments, net of refunds received. For public entities, the new standard is effective for annual periods beginning after December 15, 2024, with early adoption permitted. An entity may apply the amendments in this ASU prospectively by providing the revised disclosures for the period ending December 31, 2025 and
continuing to provide the pre-ASU disclosures for the prior periods, or may apply the amendments retrospectively by providing the revised disclosures for all period presented. 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 June 30, 2025 and December 31, 2024:

	June 30, 2025			
		Fair Value		
	Carrying Value	Level 1	Level 2	Level 3
U.S. Treasury bills	$ 72,627	$ 72,620	$ —	$ —
Certificate of deposits	2,337	—	2,337	—
Total	$ 74,964	$ 72,620	$ 2,337	$ —

	December 31, 2024			
		Fair Value		
	Carrying Value	Level 1	Level 2	Level 3
U.S. Treasury bills	$ 71,120	$ 71,135	$ —	$ —
Certificate of deposits	2,321	—	2,321	—
Total	$ 73,441	$ 71,135	$ 2,321	$ —

The Company estimates the fair value of its convertible senior notes based on valuations provided by third-party pricing services. Fair value of the long-term debt as of June 30, 2025 was approximately $405,221. The Company's fair value of long-term debt disclosure is classified within Level 2 of the valuation hierarchy. As of December 31, 2024, the fair value of our long-term debt approximated the carrying value.

The carrying value of long-term debt represents the outstanding balance, net of unamortized debt issuance costs which was $322,295 and $321,428 as of June 30, 2025 and December 31, 2024, respectively.

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. We recorded an impairment charge related to goodwill as of June 30, 2025 and as of December 31, 2024. See Note 6, Goodwill and Intangible Assets.

U.S. Treasury Securities Investments

As of June 30, 2025 and December 31, 2024, the Company had $33,511 and $37,791, 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 gains and losses were immaterial.

As of June 30, 2025 and December 31, 2024, the Company had $38,061 and $32,296, 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 June 30, 2025 and December 31, 2024, the Company had $1,055 and $1,033 of restricted investments in U.S. Treasury bills and $2,337 and $2,321 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 June 30, 2025 and December 31, 2024, 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 June 30, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
Government receivables	$ 121,501	$ 26,338
Pharmacy rebate receivables	145,312	111,813
Other receivables	16,380	15,753
Total accounts receivable	283,193	153,904
Allowance for credit losses	(262)	—
Accounts receivable, net	$ 282,931	$ 153,904

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 $262 and $95 during the three months ended June 30, 2025 and 2024, respectively, and $262 and $95 during the six months ended June 30, 2025 and 2024, 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 June 30, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
Computers and equipment	$ 13,146	$ 12,569
Office equipment and furniture	4,338	4,341
Software	187,795	179,336
Leasehold improvements	6,224	6,231
Construction in progress	21,374	14,049
Subtotal	232,877	216,526
Less accumulated depreciation	(163,354)	(149,387)
Property and equipment-net	$ 69,523	$ 67,139

Depreciation expense for the three months ended June 30, 2025 and 2024 was $7,036 and $6,516, respectively, of which $33 and $46, respectively, were included in medical expenses. Depreciation expense for the six months ended June 30, 2025 and 2024 was $14,029 and $12,517, respectively, of which $66 and $98, respectively, were included in medical expenses.

6. Goodwill and Intangible Assets

Intangible assets consisted of the following as of June 30, 2025 and December 31, 2024:

	June 30, 2025			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Life
Goodwill	$ 32,060	$ —	$ 32,060	—
License (indefinite lived)	4,550	—	4,550	—
Plan member relationships	2,700	(2,700)	—	9 years
Other	633	(633)	—	2 - 10 years
Total	$ 39,943	$ (3,333)	$ 36,610	

	December 31, 2024			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Life
Goodwill	$ 34,826	$ —	$ 34,826	—
License (indefinite lived)	4,550	—	4,550	—
Plan member relationships	2,700	(2,700)	—	9 years
Other	633	(633)	—	2 - 10 years
Total	$ 42,709	$ (3,333)	$ 39,376	

Amortization expense relating to intangible assets for the three months ended June 30, 2025 and 2024, was $0 and $23, respectively. Amortization expense relating to intangible assets for the six months ended June 30, 2025 and 2024, was $634 and $51, respectively. Included within the amortization balance for the six months ended June 30, 2025 was $634 in impairment charges related to the remeasurement of goodwill associated with one of our subsidiaries.

During the three months ended June 30, 2025, the Company derecognized goodwill of $2,132 related to the sale of a subsidiary.

There were no impairment charges related to goodwill and intangible assets for the three and six months ended June 30, 2024.

7. Medical Expenses Payable

The following table is a detail of medical expenses payable as of June 30, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
Claims incurred but not paid	$ 211,463	$ 168,357
Capitation and risk-sharing payable	118,533	52,016
Other	125,158	69,415
Medical expenses payable	$ 455,154	$ 289,788

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 June 30, 2025 and 2024:

	June 30, 2025	June 30, 2024
Claims incurred but not paid - beginning balance	$ 168,357	$ 95,664
Incurred related to:		
Current year	559,320	407,156
Prior years	(21,066)	(7,257)
Total incurred, net of reinsurance	538,254	399,899
Payments related to:		
Current year	368,014	263,824
Prior years	127,134	75,360
Total payments, net of reinsurance	495,148	339,184
Claims incurred but not paid - ending balance	211,463	156,379
Capitation payable, risk-sharing payable, and other	243,691	158,990
Total medical expenses payable	$ 455,154	$ 315,369

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 $6,544 and $12,495 for the three and six months ended June 30, 2025. 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 June 30, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
Long-term debt	$ 330,000	$ 330,000
Less unamortized debt issuance costs	(7,705)	(8,572)
Long-term debt-net of amortization	322,295	321,428
Less current maturities of long-term debt	—	—
Long-term debt - net of current portion	$ 322,295	$ 321,428

Oxford Term Loan

On September 2, 2022 (the "Effective Date"), Alignment Healthcare USA, LLC, an indirect subsidiary of the Company (the “Borrower”) and certain of our other subsidiaries entered into a term loan agreement (the “Oxford Loan Agreement”) with Oxford Finance LLC, 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 $250,000 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 had the option to borrow up to an additional $85,000 of Term Loans. On June 14, 2024, we borrowed $50,000 in aggregate principal amount of the Delayed Draw Term Loans prior to the expiration date for such amount of the Delayed Draw Term Loans of June 30, 2024. Interest on the Term Loans was 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%.

In connection with the issuance of the convertible senior notes, as noted below, we repaid all amounts outstanding under the terms loans with Oxford Finance on November 22, 2024.

Convertible Senior Notes

On November 22, 2024, the Company completed the sale of $330,000 of our 4.25% Convertible Senior Notes (the “Notes”). The Notes were issued pursuant to an indenture (the “Indenture”), dated as of November 22, 2024, between the Company and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Notes are senior, unsecured obligations of the Company, and interest will be payable semi-annually in arrears at a rate of 4.25% per annum beginning on May 15, 2025. The Notes will mature on November 15, 2029, unless earlier repurchased, redeemed or converted in accordance with their terms. The net cash proceeds from the sale of the Notes was approximately $321,100, after subtracting fees, discounts and estimated expenses in connection with the transaction.

Prior to the close of business on the business day immediately preceding August 15, 2029, the Notes will be convertible at the option of holders during certain periods, upon satisfaction of certain conditions. On or after August 15, 2029, the Notes will be convertible at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion, the Notes may be settled in shares of Company common stock, cash or a combination of cash and shares of Company common stock, at the Company's election.

The Notes have an initial conversion rate of approximately 62.4 shares of Company common stock per $1 principal amount of the Notes. The conversion rate will be subject to adjustment in certain events, including adjustment in the event of certain significant corporate transactions. This represents an initial conversion price of approximately $16.04 per share. The initial conversion price of the Notes represents a premium of approximately 25% to the closing price of the Company's common stock on November 14, 2024. The Company has used the proceeds from the sale of the Notes to repay in full the

$215,000 aggregate principal amount, accrued interest and fees related to the Oxford term loans, as well as certain fees and expenses incurred in connection with the transaction.

The Indenture contains customary terms and covenants, including that upon certain events of default occurring and continuing, either the Trustee or the holders of at least 25% in principal amount of the outstanding notes may declare 100% of the principal of, and accrued and unpaid special interest, if any, on, all the notes to be due and payable.

The Company has recognized the Notes in their entirety as a liability on the condensed consolidated balance sheet and no portion of the proceeds from the issuance of the convertible debt instrument was accounted for separately as an embedded conversion feature within stockholders' equity.

Future maturities under the Notes for each of the next five years ending June 30, are as follows:

	Amount
Remainder of 2025	$ —
2026	—
2027	—
2028	—
2029	330,000
	$ 330,000

9. Income Taxes

For the three and six months ended June 30, 2025, we recorded income tax expense of $3,224 and $3,245, respectively. For the three and six months ended June 30, 2024, we recorded income tax expense of $22 and $22, respectively The change in tax for the three months ended June 30, 2025 when compared to the three months ended June 30, 2024 is primarily attributable to a change in state taxes. 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 June 30, 2025 and December 31, 2024. 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 June 30, 2025 and 2024. 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, 2024 federal and state NOL carryforwards were $565,838 and $543,513, respectively. $374,188 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. On June 27, 2024, California Senate Bill 167 ("SB 167") was enacted into law, suspending California NOL utilization for taxpayers with more than $1 million of taxable income, effective for tax years 2024, 2025, and 2026. SB 167 includes an extended carryover period for the suspended NOLs with an additional year carryforward for each year of suspension. The Company will continue to monitor this legislation and its impact on our deferred tax assets.

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.

Subsequent to the end of our second quarter, the One Big Beautiful Bill Act ("OBBB Act") was enacted on July 4, 2025 in the United States. The OBBB Act includes several significant provisions, including re-establishing a 100% bonus depreciation deduction, re-establishing rules in calculating business interest expense limitations pursuant to §163(j), and removing the capitalization requirements for domestic research or experimental ("R&E") expenditures paid or incurred in tax years beginning after December 31, 2024. We are currently in process of evaluating the impact of the OBBB Act on our financial results.

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 and six months ended June 30, 2025:

	Stock Options Outstanding			
(amounts in thousands, except shares and per share amount)	Shares Subject to Options Outstanding	Weighted- Average Exercise Price per Option	Weighted- Average Remaining Contractual Terms (in years)	Aggregate Intrinsic Value
Balances as of December 31, 2024	8,762,481	$ 16.97	6.29	$ 2,250
Options granted	—	—		
Options exercised	(24,472)	8.47		
Options forfeited / expired	(20,516)	16.06		
Balances as of March 31, 2025	8,717,493	17.00	6.04	14,203
Options granted	—			
Options exercised	(99,107)	16.30		
Options forfeited / expired	(113,097)	16.22		
Balances as of June 30, 2025	8,505,289	17.02	5.78	4,624
Vested and Exercisable as of June 30, 2025	8,044,833	$ 17.65	5.76	$ 3,427

Aggregate intrinsic value represents the difference between the exercise price of the option and the closing price of our common stock. The aggregate intrinsic value of options exercised for the three months ended June 30, 2025 was $93. No options were granted during the three and six months ended June 30, 2025.

Restricted Stock Units

Our outstanding Restricted Stock Units ("RSU") generally vest 33% annually over three years or 25% annually over four years.

The following is a summary of RSU transactions as of and for the three and six months ended June 30, 2025:

	Restricted Stock Units	Weighted-Average Grant Date Fair Value
Unvested and outstanding as of December 31, 2024	13,344,685	$ 9.05
Granted	2,214,287	15.48
Vested[(1)]	(3,004,707)	6.74
Forfeited	(321,137)	8.71
Unvested and outstanding as of March 31, 2025	12,233,128	$ 10.79
Granted	548,878	15.49
Vested[(1)]	(132,858)	8.55
Cancelled/forfeited	(561,412)	9.56
Unvested and outstanding as of June 30, 2025	12,087,736	$ 11.08

(1) Includes 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% weighting), At-Risk Returning Member Medical Benefit Ratio (20% weighting) and Adjusted EBITDA, less Capital Expenditures (20% weighting).

50% of the total number of earned PSUs vested upon certification of achievement of the performance metrics by the Compensation Committee in March 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 Compensation Committee of 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, 2026 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 (50% weighting) and Adjusted EBITDA (50% weighting). 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 subject to continued service to the Company through such date.

On March 13, 2025, the Compensation Committee of 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, 2027 and ending on December 31, 2027. The achievement of PSUs relative to the approved target is based on the following performance metrics and relative weighting: Revenue (50% weighting) and Adjusted EBITDA (50% weighting). 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, 2028, subject to continued service to the Company through such date.

The following is a summary of PSU transactions for the three and six months ended June 30, 2025:

	Performance-based restricted stock units	Weighted-Average Grant Date Fair Value
Unvested and outstanding as of December 31, 2024	8,074,871	$ 5.64
Granted	714,193	15.50
Vested	(3,826,723)	5.74
Forfeited	(8,334)	5.74
Unvested and outstanding as of March 31, 2025	4,954,007	$ 6.98
Granted	81,593	15.32
Vested	(9,734)	5.74
Cancelled/forfeited	(500,634)	7.44
Unvested and outstanding as of June 30, 2025	4,525,232	$ 7.09

Equity-Based Compensation Expense

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

(amounts in thousands)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Selling, general and administrative expenses	$ 13,959	$ 16,022	$ 29,994	$ 35,743
Medical expenses	1,594	762	2,746	1,895
Total equity-based compensation expense	$ 15,553	$ 16,784	$ 32,740	$ 37,638

As of June 30, 2025, there was $77,762 in unrecognized compensation expense related to all non-vested awards (Options, RSUs and PSUs) that will be recognized over the weighted-average period of 1.67 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 ("RBC")

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 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 June 30, 2025.

Tangible Net Equity ("TNE")

Our health plans in California are required to comply with the tangible net equity requirements. The required amount is 150% of the larger of: (1) $1,000; (2) the sum of 2% of the first $150,000 of annualized premium revenue and 1% of annualized premium revenue in excess of $150,000; or (3) 8% of the first $150,000 of annualized health care expenditures except 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. For newer health plans, through the first three years immediately following the health plan's operational start date, the required amount is 200% of the larger of the TNE calculation described above. We were in compliance with the TNE requirements as of June 30, 2025.

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 June 30, 2025.

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 2025. As a result of the tentative settlement, the Company has accrued for a potential liability of $913 as of June 30, 2025 and December 31, 2024 for this matter, which was recorded within accounts payable and accrued expenses on the condensed consolidated balance sheets and selling, general and administrative expenses on the condensed consolidated statements of operations.

On July 7, 2023, a stockholder of Alignment filed a purported class action lawsuit (Maglione v. Alignment Healthcare, Inc., et al, Delaware Chancery Court). The plaintiff alleged that certain provisions of Alignment's stockholder agreement with General Atlantic ("GA") and Warburg Pincus violate Delaware law. On April 30, 2024, the Company agreed to amend the stockholder agreement to eliminate the provisions challenged by the Maglione plaintiff. On May 24, 2024, the parties filed a stipulation and proposed order voluntarily dismissing the action as moot, which the court granted. Pursuant to the order, the court retained jurisdiction regarding attorneys' fees.

The Company entered into discussions with plaintiffs' counsel to negotiate with respect to attorney's fees. In March 2025 the parties reached an agreement on settlement fees in the amount of $950. The settlement was paid in April 2025.

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 June 30, 2025 and December 31, 2024.

Risk Adjustment Data Validation Audit

On June 25, 2025, the Company was notified that its California HMO plan had been selected for an audit of Medicare Advantage contract-specific risk adjustment data validation ("RADV") with respect to payment year 2019. CMS conducts RADV audits in order to validate the coding practices of and supporting documentation maintained by health care providers and such audits may result in retrospective adjustments to payments made to the Company's health plans. Under CMS's final rule issued in 2023, it will apply a revised methodology, including extrapolated audit findings to estimate contract-wide overpayments and without application of the previously employed "fee-for-service adjuster" that accounted for the error rate in the original Medicare data that CMS used to develop the risk adjustment model. Additionally, in May 2025, CMS announced a significant expansion to its RADV audit program, stating, among other things, that it intends to conduct RADV audits with extrapolation on all eligible MA plans on an annual basis and that it would accelerate the timetable for clearing its backlog of audits with respect to payment years 2018-24. The Company is in the process of collecting and reviewing medical records with respect to the member cohort selected for the RADV audit. As of June 30, 2025, the Company cannot reasonably estimate any retrospective adjustment or range of retrospective adjustment to prior payments.

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, 2024 (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.

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 consumers.

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 223,700 as of June 30, 2025, representing a 30% compound annual growth rate across 45 markets and 5 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 2025 plan year, Alignment offers plans in 45 markets across California (22 markets), North Carolina (16 markets), Nevada (2 markets), Arizona (3 markets) and Texas (2 markets). There are approximately 8.3 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 routinely take market share from large established players in highly competitive markets, a key source of our health plan membership growth in excess of the industry average. We believe that there are still significant opportunities for future growth even in some of our most mature markets where we have approximately 10-30% market share. According to CMS data as of June 30, 2025, our approximately 223,700 Health Plan Members represent only 5% market share of Medicare Advantage enrollees in our markets.

- ***Drive Growth and Consistent Outcomes Through New Market Expansion:*** As part of our long-term growth strategy, we may 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. Since 2020, we have expanded into 29 markets and four states.

- ***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 2025 Ratings occurred in the second half of 2024 and will impact our financial performance in 2026). One hundred percent of our health plan members are enrolled in plans rated 4 stars and above, meaning our members consistently receive a high-quality care experience, as defined under CMS star measurement criteria. The California HMO plan has achieved a 4 star or greater rating for eight 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 supplemental 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 significant percentage 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. We anticipate that, starting in 2025, the benefit redesign under the Inflation Reduction Act will result in much more moderate seasonality than we have experienced in past years. Members will still pass through the benefit phases, but our share of the total liability will be more consistent through each phase than it has been in the past. In addition, we expect our corporate, general and administrative expenses to increase in absolute dollars for the foreseeable future to support our growth. 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 June 30, 2025	Three Months Ended June 30, 2024	% Change	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024	% Change
Health plan membership (at period end)	223,700	175,100	27.8 %	223,700	175,100	27.8 %
Medical benefits ratio	86.7 %	88.7 %	(2.0)%	87.5 %	89.8 %	(2.3)%
Revenues	$ 1,015,288	$ 681,286	49.0 %	$ 1,942,220	$ 1,309,887	48.3 %
Income (loss) from Operations	$ 22,748	$ (18,382)	223.8 %	$ 17,355	$ (59,488)	129.2 %
Net income (loss)	$ 15,653	$ (24,003)	165.2 %	$ 6,299	$ (70,578)	108.9 %
Adjusted EBITDA[(1)]	$ 45,913	$ 6,034	660.9 %	$ 66,091	$ (5,946)	1,211.5 %
Adjusted gross profit [(1)]	$ 135,175	$ 76,803	76.0 %	$ 242,392	$ 134,146	80.7 %

(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 300 and 400 members as of June 30, 2025 and 2024, respectively. It also excludes the approximately 6,400 and 8,600 ACO REACH members as of June 30, 2025 and 2024, respectively. On July 30, 2025, we notified CMS that we will discontinue our participation in the ACO REACH model as of December 31, 2025.

Adjusted Gross Profit and Medical Benefits Ratio

Adjusted gross profit is a non-GAAP financial measure that we define as income (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 income (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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(dollars in thousands)				
Income (loss) from operations	$ 22,748	$ (18,382)	$ 17,355	$ (59,488)
Add back:				
Equity-based compensation (medical expenses)	1,594	762	2,746	1,895
Depreciation (medical expenses)	33	46	66	98
Restructuring costs (medical expenses)(1)	—	21	—	796
Depreciation and amortization(2)	7,003	6,493	14,597	12,470
Selling, general, and administrative expenses	103,797	87,863	207,628	178,375
Total add back	112,427	95,185	225,037	193,634
Adjusted gross profit	$ 135,175	$ 76,803	$ 242,392	$ 134,146

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

(2) Amortization expense for the six months ended June 30, 2025 includes $0.6 million in impairment expense related to the remeasurement of goodwill associated with one of our subsidiaries. There was no impairment expense for the three months ended June 30, 2025.

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 adjusted gross profit margin for our Medicare Advantage plans and demonstrates the ability of our clinical model to produce differentiated 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.

We determine, on an annual basis, whether we have satisfied the CMS minimum Medical Loss Ratio of 85%. As part of this process, 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 income (loss) before interest expense, income taxes, depreciation and amortization expense, certain litigation costs, gains or losses on right of use ("ROU") assets, gains or losses on sale of property and equipment, 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 income (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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(dollars in thousands)				
Net income (loss)	$ 15,653	$ (24,003)	$ 6,299	$ (70,578)
Less: Net income (loss) attributable to noncontrolling interest	(14)	7	(254)	(47)
Adjustments:				
Interest expense	3,950	5,691	7,900	11,118
Depreciation and amortization(1)	7,036	6,539	14,663	12,568
Income taxes	3,224	22	3,245	22
Equity-based compensation(2)	15,553	16,784	32,740	37,638
Acquisition expenses(3)	—	12	—	12
Litigation costs (4)	555	401	1,062	721
Loss on ROU assets(5)	—	—	—	143
Gain on sale of property and equipment	(72)	—	(72)	—
Restructuring costs(6)	—	595	—	2,363
Adjusted EBITDA	$ 45,913	$ 6,034	$ 66,091	$ (5,946)

(1) Amortization expense for the six months ended June 30, 2025 includes $0.6 million in impairment expense related to the remeasurement of goodwill associated with one of our subsidiaries. There was no impairment expense for the three months ended June 30, 2025.

(2) Represents equity-based compensation related to grants made in the applicable year.

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

(4) 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.

(5) Represents gains or losses related to ROU assets that were terminated or subleased in the respective period.

(6) 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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(dollars in thousands)				
Revenues:				
Earned premiums	$ 1,006,203	$ 674,094	$ 1,924,246	$ 1,295,650
Other	9,085	7,192	17,974	14,237
Total revenues	1,015,288	681,286	1,942,220	1,309,887
Expenses:				
Medical expenses	881,740	605,312	1,702,640	1,178,530
Selling, general and administrative expenses	103,797	87,863	207,628	178,375
Depreciation and amortization	7,003	6,493	14,597	12,470
Total expenses	992,540	699,668	1,924,865	1,369,375
Income (loss) from operations	22,748	(18,382)	17,355	(59,488)
Other expenses:				
Interest expense	3,950	5,691	7,900	11,118
Other income, net	(79)	(92)	(89)	(50)
Total other income	3,871	5,599	7,811	11,068
Income (loss) before income taxes	18,877	(23,981)	9,544	(70,556)
Provision for income taxes	3,224	22	3,245	22
Net income (loss)	$ 15,653	$ (24,003)	$ 6,299	$ (70,578)
Less: Net income (loss) attributable to noncontrolling interest	(14)	7	(254)	(47)
Net income (loss) attributable to Alignment Healthcare, Inc.	$ 15,667	$ (24,010)	$ 6,553	$ (70,531)

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(% of revenue)				
Revenues:				
Earned premiums	99 %	99 %	99 %	99 %
Other	1	1	1	1
Total revenues	100	100	100	100
Expenses:				
Medical expenses	87	89	88	90
Selling, general and administrative expenses	10	13	11	14
Depreciation and amortization	1	1	1	1
Total expenses	98	103	100	105
Income (loss) from operations	2	(3)	—	(5)
Other expenses:				
Interest expense	—	1	—	1
Other income, net	—	—	—	—
Total other income	—	1	—	1
Income (loss) before income taxes	2	(4)	—	(6)
Provision for income taxes	—	—	—	—
Net income (loss)	2	(4)	—	(6)
Less: Net income (loss) attributable to noncontrolling interest	—	—	—	—
Net income (loss) attributable to Alignment Healthcare, Inc.	2 %	(4)%	— %	(6)%

Revenues

	Three Months Ended June 30,		Change	
	2025	2024	$	%
(dollars in thousands)				
Revenues:				
Earned premiums	$ 1,006,203	$ 674,094	$ 332,109	49.3 %
Other	9,085	7,192	1,893	26.3 %
Total revenues	$ 1,015,288	$ 681,286	$ 334,002	49.0 %

	Six Months Ended June 30,		Change	
	2025	2024	$	%
(dollars in thousands)				
Revenues:				
Earned premiums	$ 1,924,246	$ 1,295,650	$ 628,596	48.5 %
Other	17,974	14,237	3,737	26.2 %
Total revenues	$ 1,942,220	$ 1,309,887	$ 632,333	48.3 %

Earned Premiums. Earned premium revenues were $1,006.2 million and $674.1 million for the three months ended June 30, 2025 and 2024, respectively, an increase of $332.1 million or 49.3%. Earned premium revenues were $1,924.2 million and $1,295.7 million for the six months ended June 30, 2025 and 2024, respectively, an increase of $628.6 million or 48.5%. The increase was primarily driven by growth in our Health Plan membership, which increased 27.8% between

June 30, 2024 and June 30, 2025 and higher revenue per member per month. The increase in revenue per member per month is primarily attributable to an increase in the CMS benchmark rates and Part D revenue rates from changes arising from the Inflation Reduction Act.

Other Revenue. Other revenue increased $1.9 million for the three months ended June 30, 2025 compared to the three months ended June 30, 2024, an increase of 26.3%. Other revenue increased $3.7 million for the six months ended June 30, 2025 compared to the six months ended June 30, 2024, an increase of 26.2%. The increase is mainly attributable to an increase in revenue from services provided to third-party providers and an increase in our average interest earning cash balances and current investments. Cash and cash equivalents, and other current investments were $503.7 million as of June 30, 2025 compared to $363.7 million as of June 30, 2024.

Expenses

	Three Months Ended June 30,		Change	
	2025	2024	$	%
(dollars in thousands)				
Expenses:				
Medical expenses	$ 881,740	$ 605,312	$ 276,428	45.7 %
Selling, general and administrative expenses	103,797	87,863	15,934	18.1 %
Depreciation and amortization	7,003	6,493	510	7.9 %
Total expenses	$ 992,540	$ 699,668	$ 292,872	41.9 %

	Six Months Ended June 30,		Change	
	2025	2024	$	%
(dollars in thousands)				
Expenses:				
Medical expenses	$ 1,702,640	$ 1,178,530	$ 524,110	44.5 %
Selling, general and administrative expenses	207,628	178,375	29,253	16.4 %
Depreciation and amortization	14,597	12,470	2,127	17.1 %
Total expenses	$ 1,924,865	$ 1,369,375	$ 555,490	40.6 %

Medical Expenses. Medical expenses were $881.7 million and $605.3 million for the three months ended June 30, 2025 and 2024, respectively, an increase of $276.4 million, or 45.7%. Medical expenses were $1,702.6 million and $1,178.5 million for the six months ended June 30, 2025 and 2024, respectively, an increase of $524.1 million, or 44.5%. The increase was driven primarily by the growth in Alignment's Health Plan membership, which increased 27.8% between June 30, 2024 and June 30, 2025, and an increase to our Part D cost sharing due to changes arising from the Inflation Reduction Act. Overall, medical expenses for the three and six months ended June 30, 2025 grew at a lower rate than earned premium revenues compared to the three and six months ended June 30, 2024, primarily due to a higher percentage of new members relative to returning members in 2024 compared to 2025. The decrease was offset by increases in unit costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $103.8 million and $87.9 million for the three months ended June 30, 2025 and 2024, respectively, an increase of $15.9 million, or 18.1%. Selling, general and administrative expenses were $207.6 million and $178.4 million for the six months ended June 30, 2025 and 2024, respectively, an increase of $29.3 million, or 16.4%. 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. Selling, general, and administrative expenses as a percentage of revenue decreased for the three and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024 due to economies of scale gained from Alignment's membership growth.

Depreciation and Amortization. Depreciation and amortization expense was $7.0 million and $6.5 million for the three months ended June 30, 2025 and 2024, respectively, an increase of $0.5 million, or 7.9%. Depreciation and amortization expense was $14.6 million and $12.5 million for the six months ended June 30, 2025 and 2024, respectively, an increase of

$2.1 million, or 17.1%. The increase was primarily due to the amount and timing of our capital expenditures and the associated depreciation relative to 2024. Additionally, for the six months ended June 30, 2025, we recorded impairment expense of $0.6 million related to the remeasurement of goodwill associated with one of our subsidiaries. The goodwill impairment was recorded to amortization expense.

Other Expenses

Interest expense. Interest expense was $4.0 million and $5.7 million for the three months ended June 30, 2025 and 2024, respectively, a decrease of $1.7 million or 29.8%. Interest expense was $7.9 million and $11.1 million for the six months ended June 30, 2025 and 2024, respectively, a decrease of $3.2 million or 28.8%. The decrease in interest expense was mainly attributable to a decrease in the interest rate on our debt following refinancing in November 2024. The convertible notes have an interest rate of 4.25%, compared to our prior term loans which had an average interest rate of 11.84% for the six months ended June 30, 2024. This decrease in interest rate was offset by an increase in our long-term debt balance which was $330.0 million as of June 30, 2025 compared to $215.0 million as of June 30, 2024.

Other income, net. Other income was $(0.1) million and $(0.1) million for the three months ended June 30, 2025 and 2024, respectively. Other income was $(0.1) million and $(0.1) million for the six months ended June 30, 2025 and 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 convertible notes (described below). As of June 30, 2025, we had $503.8 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 June 30, 2025, our operating parent company (an indirect wholly owned subsidiary of our parent company) had $163.4 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 substantially 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, such as the tangible net equity ("TNE") requirements for our health plans in California. As of June 30, 2025, 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”), 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 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 had the option to borrow up to an additional $85.0 million of Term Loans (such additional Term Loans, the “Delayed Draw Term Loans”). On June 14, 2024, we borrowed $50.0 million in aggregate principal amount of the Delayed Draw Term Loans prior to the expiration date for such amount of the Delayed Draw Term Loans of June 30, 2024. Interest on the Term Loans was 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%.

In connection with the issuance of the convertible senior notes, described below, we repaid all amounts outstanding under the term loans with Oxford Finance on November 22, 2024.

Convertible Senior Notes

On November 22, 2024, (the "Effective Date"), the Company completed the sale of $330.0 million of its 4.25% Convertible Senior Notes (the "Notes"). The Notes were issued pursuant to an indenture (the "Indenture"), dated as of November 22, 2024, between the Company and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Notes are senior, unsecured obligations of the Company, and interest will be payable semi-annually in arrears at a rate of 4.25% per annum beginning on May 15, 2025. The Notes will mature on November 15, 2029, unless earlier repurchased, redeemed or converted in accordance with their terms. The net cash proceeds from the sale of the Notes was approximately $321.1 million, after subtracting fees, discounts and estimated expenses in connection with the transaction.

Prior to the close of business on the business day immediately preceding August 15, 2029, the Notes will be convertible at the option of holders during certain periods, upon satisfaction of certain conditions. On or after August 15, 2029, the Notes will be convertible at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion, the Notes may be settled in shares of Company common stock, cash or a combination of cash and shares of Company common stock, at the Company's election.

The Notes have an initial conversion rate of approximately 62.4 shares of Company common stock per $1 principal amount of the Notes. The conversion rate will be subject to adjustment in certain events, including adjustment in the event of certain significant corporate transactions. This represents an initial conversion price of approximately $16.04 per share. The initial conversion price of the Notes represents a premium of approximately 25% to the closing price of the Company's common stock on November 14, 2024. The Company has used the proceeds from the sale of the Notes to repay in full the

$215.0 million aggregate principal amount, accrued interest and fees related to the Oxford term loans, as well as certain fees and expenses incurred in connection with the transaction.

The Indenture contains customary terms and covenants, including that upon certain events of default occurring and continuing, either the Trustee or the holders of at least 25% in principal amount of the outstanding notes may declare 100% of the principal of, and accrued and unpaid special interest, if any, on, all the notes to be due and payable.

The Company has recognized the Notes in their entirety as a liability on the condensed consolidated balance sheet and no portion of the proceeds from the issuance of the convertible debt instrument was accounted for separately as an embedded conversion feature within stockholders' equity.

Cash Flows

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

	Six Months Ended June 30,	
(dollars in thousands)	**2025**	**2024**
Net cash provided by operating activities	$ 45,746	$ 17,291
Net cash (used in) provided by investing activities	(10,126)	69,671
Net cash provided by financing activities	1,797	49,153
Net change in cash	37,417	136,115
Cash, cash equivalents and restricted cash at beginning of period	434,942	204,954
Cash, cash equivalents and restricted cash at end of period	$ 472,359	$ 341,069

Operating Activities

For the six months ended June 30, 2025, net cash provided by operating activities was $45.7 million, an increase of $28.5 million compared to net cash provided by operating activities of $17.3 million for the six months ended June 30, 2024. The increase is mainly attributable to an increase in net income. This increase was offset by an increase in prepaid expenses and other current assets due to a change in our Part D balances arising from the Inflation Reduction Act.

Investing Activities

For the six months ended June 30, 2025, net cash used in investing activities was $10.1 million, a decrease of $79.8 million compared to net cash provided by investing activities of $69.7 million for the six months ended June 30, 2024. The decrease primarily relates to increased investment maturities during the six months ended June 30, 2024 compared to the six months ended June 30, 2025. The decrease was offset by a decrease in capital expenditures, which decreased $6.6 million for the six months ended June 30, 2025 compared to the six months ended June 30, 2024.

Financing Activities

For the six months ended June 30, 2025, net cash provided by financing activities was $1.8 million, a decrease of $47.4 million, compared to net cash used in financing activities of $49.2 million for the six months ended June 30, 2024. The decrease is primarily attributable to the $50.0 million draw down of the Oxford Delayed Draw term loan that occurred during the three months ended June 30, 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 June 30, 2025.

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 interest rates and inflation.

Interest Rate Risk

As of June 30, 2025, we had $72.6 million of U.S. Treasury bills which were classified as held to maturity and had maturities less than twelve months. Due to the short-term duration of our investment portfolio and the low risk profile of our investments, we believe that our exposure to interest rate risk on these investments is not significant. We do not enter into investments for trading purposes.

In November 2024, we completed the sale of $330.0 million of 4.25% Convertible Senior Notes. Since the notes have a fixed annual interest rate, we have no financial or economic interest exposure associated with changes in interest rates. However, the fair value of fixed rate debt fluctuates when interest rates change. Additionally, the fair value of the Convertible Senior Notes can be impacted when the market price of our common stock fluctuates.

Inflation Risk

Based on our analysis of the periods presented, although we have experienced modest increases in unit costs and labor expenses, we believe that inflation has not had a material effect on our operating results. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. 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 June 30, 2025.

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 June 30, 2025 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 June 30, 2025, our executive officers and directors adopted or terminated, as applicable, the following trading arrangements that are intended to satisfy the affirmative defense of Rule 10b5-1(c):

Name & Title	Date of Adoption	Date of Termination	Duration of Trading Arrangement	Maximum Number of Securities to be Sold(1)
Dawn Maroney, President	5/22/2025	N/A	8/25/2025 – 6/30/2026	410,000

(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. The actual number of shares sold under the plan will depend on the vesting of certain performance-based equity awards and the number of shares withheld or sold satisfy our income tax withholding obligations and may vary from the number provided herein. The number of performance share units included in plans assumes awards are earned at target.

Item 6. Exhibits.

Exhibit Number	Description
3.1	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).
3.2	Certificate of Amendment to 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 June 13, 2024).
3.3	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).
4.1	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).
31.1*	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.
31.2*	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.
32.1**	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.
32.2**	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.
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: July 30, 2025	By:	/s/ John Kao
		John Kao
		Chief Executive Officer
Date: July 30, 2025	By:	/s/ James M. Head
		James M. Head
		Chief Financial Officer

Exhibit 31.1

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, John Kao, 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: July 30, 2025

By: /s/ John Kao

John Kao
Chief Executive Officer

Exhibit 31.2

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, James M. Head, 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: July 30, 2025

By: /s/ James M. Head

James M. Head
Chief Financial Officer

Exhibit 32.1

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 June 30, 2025 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: July 30, 2025

By: /s/ John Kao

John Kao
Chief Executive Officer

Exhibit 32.2

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 June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James M. Head, 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: July 30, 2025	By:	/s/ James M. Head
		James M. Head
		Chief Financial Officer