



Alignment Healthcare

REDESIGNING SENIOR HEALTHCARE THROUGH A MODERN MA PLATFORM

December 2022
NASDAQ: ALHC



LEGAL DISCLAIMER FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements include statements relating to future developments in our business or expectations for our future financial performance and any statement not involving a historical fact. Forward-looking statements use words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “should,” “seek,” and other words and terms of similar meaning. Forward-looking statements are subject to risks and uncertainties and are based on assumptions that may prove to be inaccurate, which could cause actual results to differ materially from those expected or implied by the forward-looking statements. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance. Important risks and uncertainties that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: our ability to attract new members and enter new markets, including the need for certain governmental approvals; our ability to maintain a high rating for our plans on the Five Star Quality Rating System; risks associated with being a government contractor; changes in laws and regulations applicable to our business model; changes in market or industry conditions and receptivity to our technology and services; results of litigation or a security incident; the impact of shortages of qualified personnel and related increases in our labor costs; and the impact of COVID-19 on our business and results of operation. For a detailed discussion of the risk factors that could affect our actual results, please refer to the risk factors identified in our SEC reports, including our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on March 3, 2022 and subsequently filed Quarterly Reports on Form 10-Q. All information provided in this presentation and in the attachments is as of the date hereof, and we undertake no duty to update or revise this information unless required by law.

This presentation includes certain market and industry data and statistics, which are based on publicly available information, industry publications and surveys, reports from government agencies, reports by market research firms and our own estimates based on our management’s knowledge of, and experience in, the industry and market in which we compete. Third-party industry publications and forecasts have been obtained from sources we generally believe to be reliable. In addition, certain information contained in this presentation represents management estimates. While we believe our internal estimates to be reasonable, they have not been verified by any independent sources. Such data involve risks and uncertainties and are subject to change.

This presentation contains certain “non-GAAP” financial measures within the meaning of Item 10 of Regulation S-K promulgated by the SEC. We believe that non-GAAP financial measures provide an additional way of viewing aspects of our operations that, when viewed with the GAAP results, provide a more complete understanding of our results of operations and the factors and trends affecting our business. These non-GAAP financial measures are also used by our management to evaluate financial results and to plan and forecast future periods. However, non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. Non-GAAP financial measures used by us may differ from the non-GAAP measures used by other companies, including our competitors. To supplement our consolidated financial statements presented on a GAAP basis, we disclose the following non-GAAP measures: Medical Benefits Ratio, Adjusted EBITDA and Adjusted Gross Profit, as these are performance measures that our management uses to assess our operating performance. Because these measures facilitate internal comparisons of our historical operating performance on a more consistent basis, we use these measures for business planning purposes and in evaluating acquisition opportunities. For a reconciliation of these non-GAAP measures to the corresponding measures calculated in accordance with GAAP, see the Appendix to this presentation.



WE STARTED ALIGNMENT TO IMPROVE HEALTHCARE ONE SENIOR AT A TIME

“A few years ago, my mother suffered a heart attack.

I witnessed first-hand how **difficult it was to navigate the health care system** and how that experience can lead to a slower recovery...Particularly post discharge. **It was frightening.**

We had the best hospitals, best doctors and best insurance yet **the entire experience for her was poor** due to misaligned incentives, lack of coordination and poor information.

I founded Alignment **to provide health care as it should be** for our parents and grandparents, to care for the well-being of each and every member as if they were **part of our family.**

Our values are to **put the senior first** in everything we do, **support the doctor, use data and technology** to improve the senior's life, and do it all with a **serving heart.**

Our mission is to bring our 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.”

- John Kao, CEO, Alignment Healthcare



LESSONS LEARNED OVER DECADES ARE AT THE FOUNDATION OF OUR APPROACH



John Kao

Chief Executive Officer

FHP International

*Vertical Integration,
One of the First MA
Contracts*

PacifiCare®

*Provider
Partnerships, 1M
MA Seniors*

TRIZETTO®

*Core Systems,
Technology and
Supply Chain
Operations*

CAREMORE
It's what we do.™

*Chronic Care
Management*



Thomas Freeman

Chief Financial Officer

GENERAL
ATLANTIC

Morgan Stanley

**Executive Team Has
Extensive Experience in
Consumer, Technology,
and Healthcare Services**

Humana.

UNITEDHEALTH GROUP

SecureHorizons®
by UnitedHealthcare

HealthCare Partners.

MOLINA
HEALTHCARE

Anthem

blue
california | Care1st
HEALTH PLAN

CENTENE
Corporation

Davita

BIG
FISH

OPTUMRx

Welltok.

INTELUS

CAMBIA
LIFE SCATIONS



OUR RESULTS DEMONSTRATE THAT OUR APPROACH IS WORKING



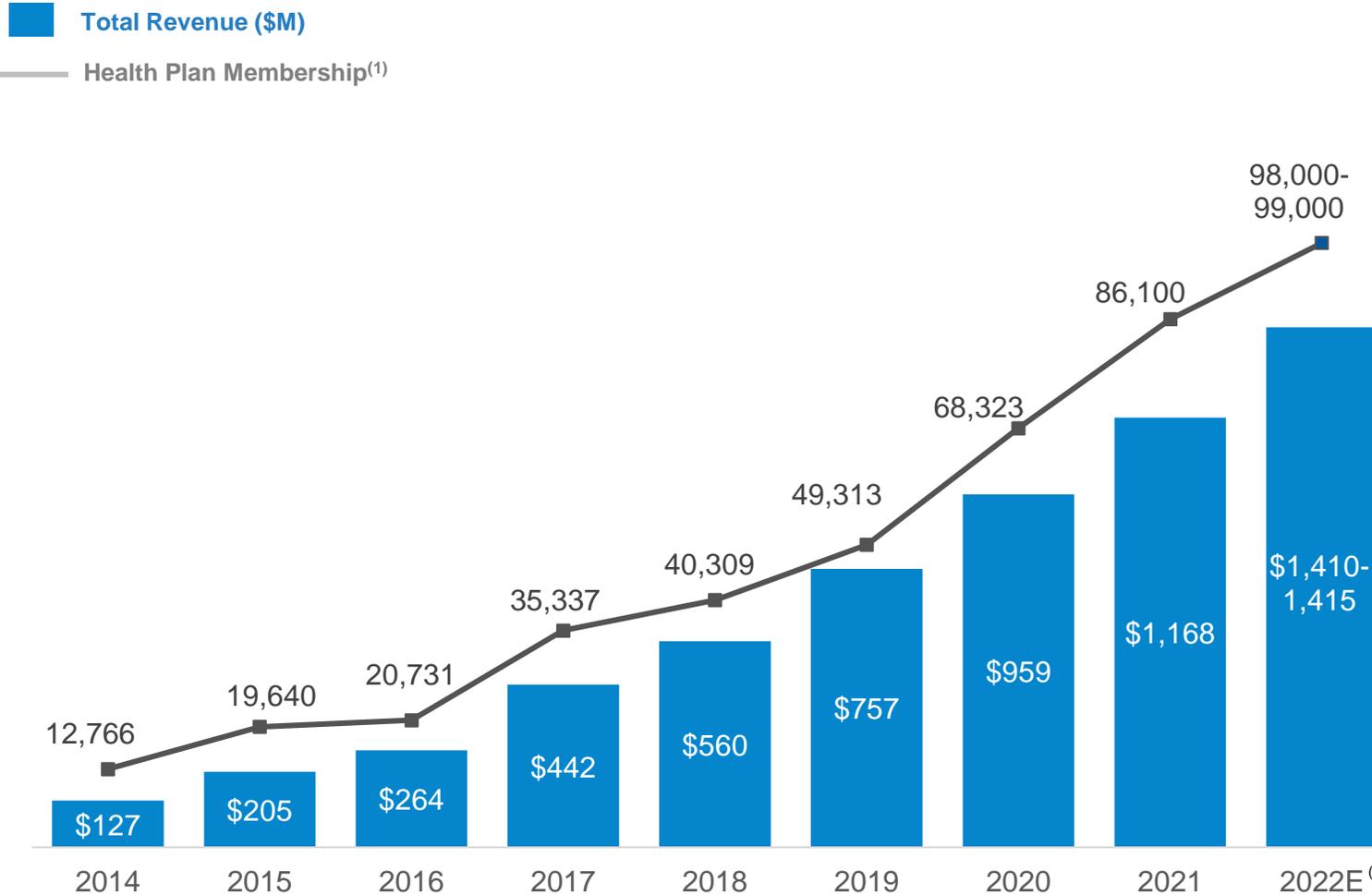
38 Markets
Across CA, NC, NV, AZ



~98.0k Health Plan Seniors
as of September 2022



>1,000 Employees
>350 Clinical + Tech
Employees



'21 CAGR Since Inception

~31%
Health Plan Membership

~37%
Revenue

Notes:
 1. Health plan membership excludes members in RBO and excludes Direct Contracting Entity members.
 2. 2022E Low/High guidance as of Nov 3, 2022



SUPERIOR VALUE PROPOSITION FOR SENIOR CONSUMERS IS CORE TO OUR MODEL – AND WE HAVE THE PROOF POINTS

2014-2021 HEALTH PLAN MEMBERSHIP CAGR	31%⁽¹⁾	Vs. National Medicare Advantage CAGR of 8%⁽¹⁾
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NET PROMOTER SCORE	>60 Overall >75 Care Anywhere	Industry average of 38⁽²⁾
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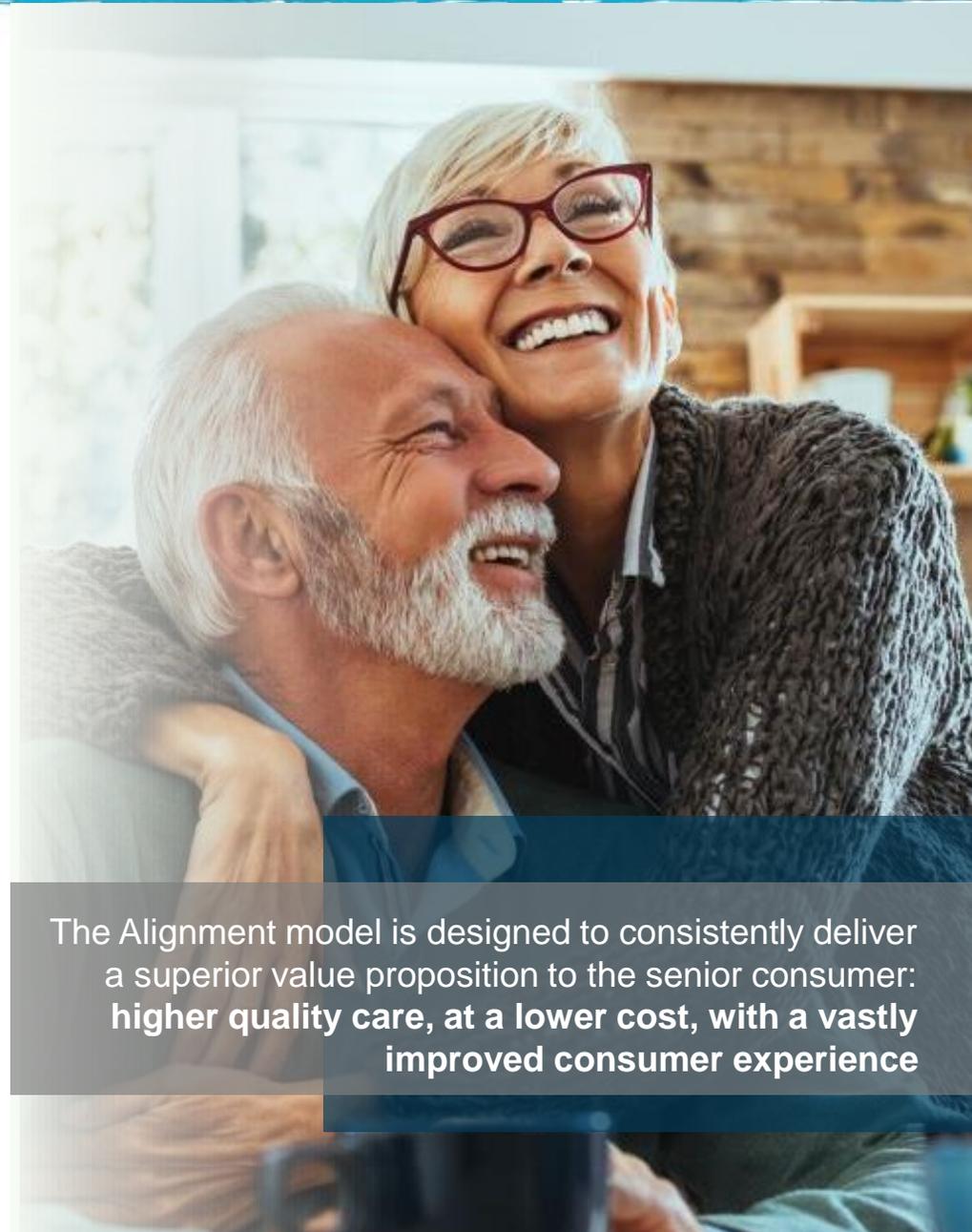
PRODUCT RICHNESS	\$0 Member Premium	In 32 of Alignment's 38 Markets
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STARS QUALITY SCORE	 4.0 - 4.5 Star	~100% Health Plan membership in a 4 Star or better contract for the previous <u>five</u> years
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INPATIENT ADMITS/K⁽³⁾	~156	38% Better Than Medicare FFS Utilization
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2021 Consolidated Medical Benefits Ratio⁽⁴⁾	87.6%	~85.5% MBR in YTD 3Q22
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- Notes:**
1. Based on 2014-2021 ALHC enrollment and 2014-2021 CMS data.
 2. Based on Deft Research's 2021 Medicare Member Experience Study.
 3. 2021 At-Risk member inpatient utilization; FFS comparison based on 2019 Medicare FFS inpatient utilization representative of Alignment's population mix by county (based on membership as of 2021).
 4. Defined as total medical expenses excluding depreciation and equity-based compensation divided by total revenues



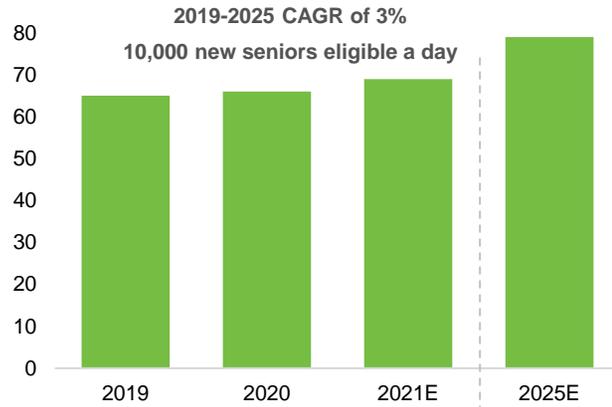
The Alignment model is designed to consistently deliver a superior value proposition to the senior consumer: **higher quality care, at a lower cost, with a vastly improved consumer experience**



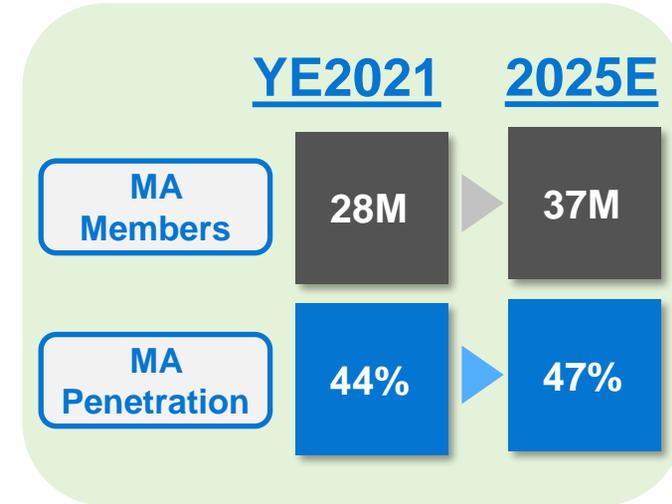
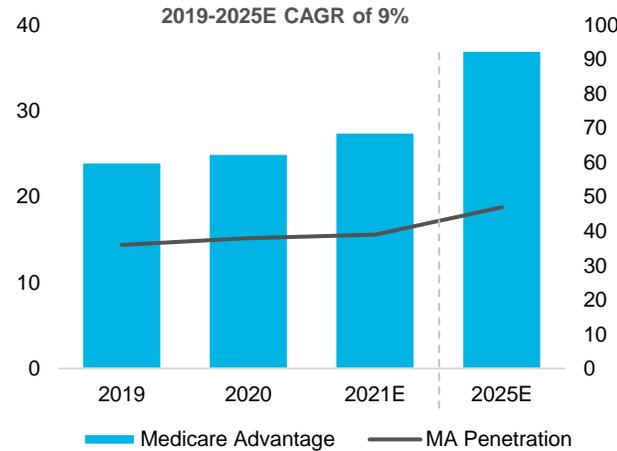
MASSIVE & RAPIDLY GROWING ADDRESSABLE SENIOR MARKET

SENIOR GROWTH INCREASING

Total Medicare Enrollment Growth
Enrollment (M)



Medicare Advantage Enrollment Trend
Enrollment (M)



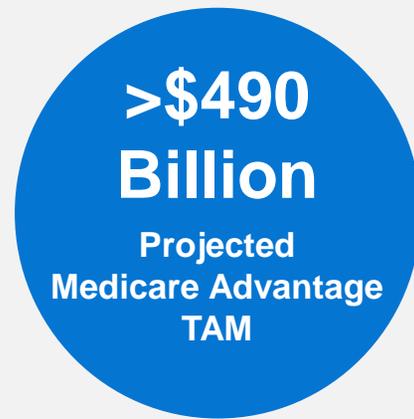
Sources: CMS, KFF, Mark Farrah Associates, NAIC, L.E.K. analysis

Massive Medicare Advantage Market Growing +9% Annually

2021-2025
CAGR of 9%



2021



2025

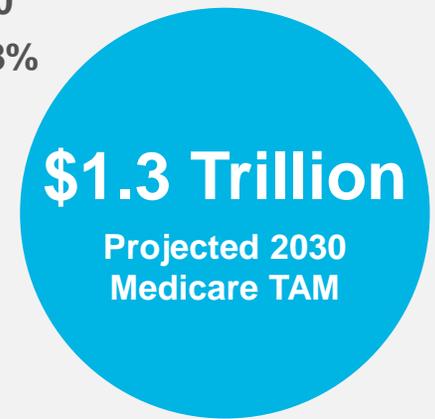
Sources: L.E.K. analysis

Massive Medicare Market Growing +8% Annually

2021-2030
CAGR of 8%



2021



2030

Sources: CBO Report

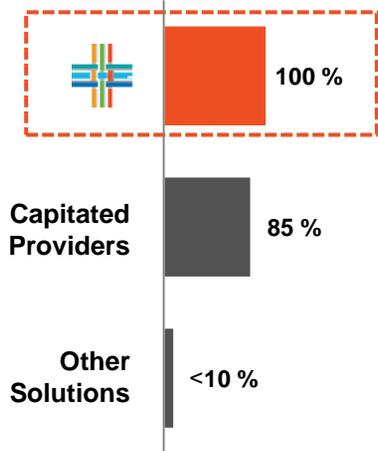


PAYVIDOR BUSINESS MODEL POSITIONS US TO DRIVE OPTIMAL ALIGNMENT, EXPERIENCE AND OUTCOMES FOR THE SENIOR



Full control of premium dollar and unit economics

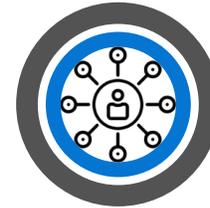
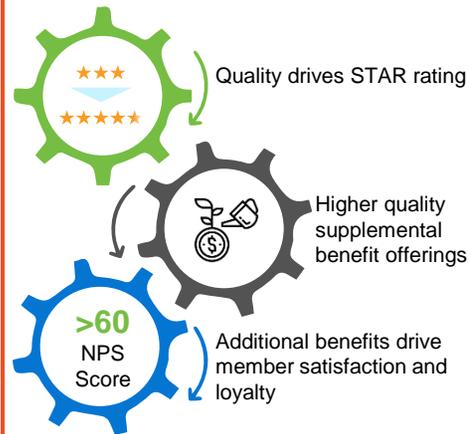
Premium Dollar Capture



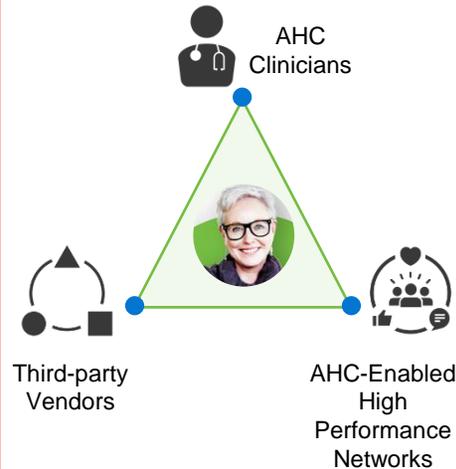
Full Control Eliminates Waste



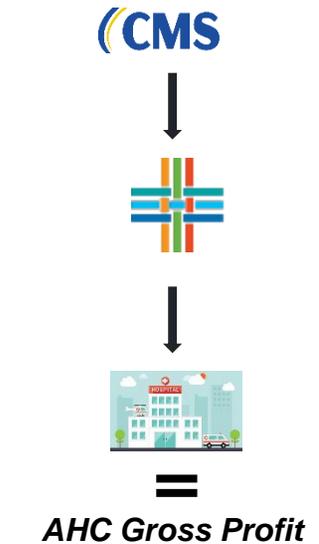
Ownership and design of direct-to-consumer product



Management of the ecosystem and unique access to data



Complete alignment with membership



The plan "makes money" when members are happy and healthy

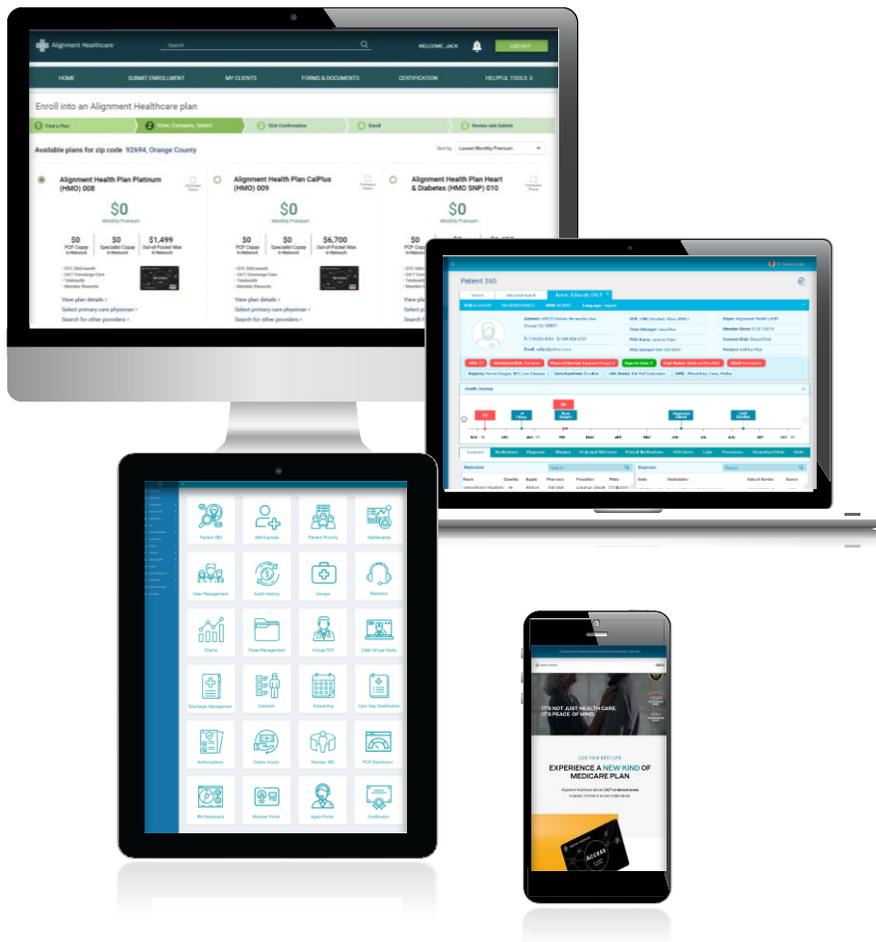
Source: Centers for Medicare & Medicaid Services



ALIGNMENT'S VIRTUAL APPLICATION (AVA) UNIFIED TECHNOLOGY PLATFORM POWERS OUR OPERATIONS AND GROWTH

A customizable suite of applications that allows the user to take command of Care Delivery and other functions to drive outstanding member experience and enable effective value-based care delivery

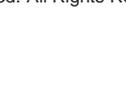
AVA Technology Snapshot



Key Constituents

-  **Consumer Experience**
-  **Internal Care Delivery**
-  **External Providers**
-  **Health Plan Operations**
-  **Growth Operations**

State of the Art Technology Tools

-  **Cloud Scalability**
-  **Unified Data Architecture**
-  **Privacy and Security**
-  **Workflows**
-  **Rules Engine**
-  **Artificial Intelligence (AI) and Machine Learning (ML)**



VIRTUOUS CYCLE UNDERPINS OUR HIGH-TECH & HIGH-TOUCH OPERATING MODEL

THE ALIGNMENT FLYWHEEL IS DESIGNED TO DELIGHT THE SENIOR CONSUMER





CLINICAL CARE CAPABILITIES: 20/80 RULE: THE CHRONIC AND HIGH-RISK

Using the Stratification Application to Target Interventions for Chronic, High Risk Members ⁽¹⁾

74% | 4%
MEMBERSHIP | INSTITUTIONAL COSTS



74% MEMBERSHIP

4% INSTITUTIONAL CLAIMS

26% | 96%
MEMBERSHIP | INSTITUTIONAL COSTS



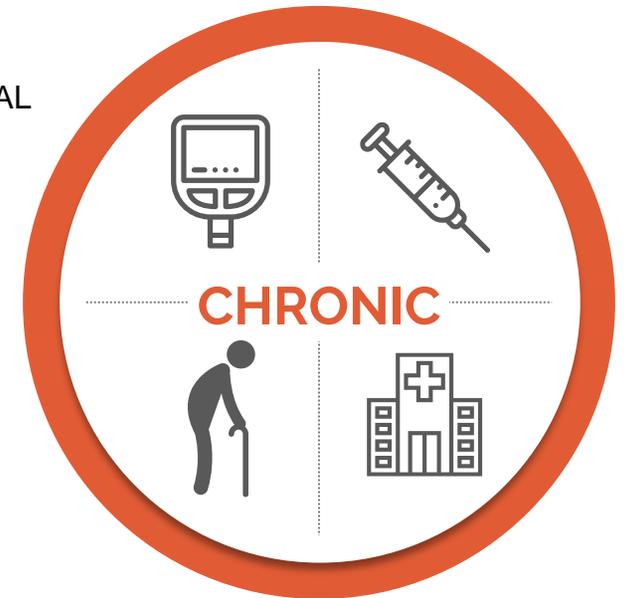
8% MEMBERSHIP

22% INSTITUTIONAL CLAIMS



8% MEMBERSHIP

1% INSTITUTIONAL CLAIMS



10% MEMBERSHIP

73% INSTITUTIONAL CLAIMS

Average Member PCP Visits Per Year: ~5 ⁽²⁾

Estimated Care Anywhere Member Touches Per Year: ~27 ⁽³⁾

Notes:

- 1. Based on California at-risk members, 2021 DOS.
- 2. Based on California 2021 encounter data.
- 3. Estimated # of visits per year includes members who had an initial CAW visit plus estimates including program-based follow-up activities and engagement (telephonic and virtual).



DIRECT-TO-CONSUMER: PRODUCTIZING AVA AND OUR CARE MODEL

Better Coverage	Better Care	Better Experience
<p>\$0 Member Premium in 32/38 Markets</p> <div data-bbox="121 462 252 592"></div> <p>REQUIRED MEDICARE COVERAGE</p> <div data-bbox="315 462 445 592"></div> <p>DENTAL</p> <div data-bbox="514 462 644 592"></div> <p>OTC & GROCERY ALLOWANCE</p> <div data-bbox="121 747 252 876"></div> <p>FITNESS</p> <div data-bbox="315 747 445 876"></div> <p>VISION</p> <div data-bbox="514 747 644 876"></div> <p>PET CARE</p>	<p>~156 Inpatient Admits/k</p> <div data-bbox="787 446 917 576"></div> <p>AVA ALIGNMENT VIRTUAL APPLICATION</p> <div data-bbox="976 576 1106 706"></div> <p>RIDES TO / FROM DOCTOR APPTS</p> <div data-bbox="787 730 917 860"></div> <p>24/7 VIRTUAL CARE</p> <div data-bbox="1176 446 1306 576"></div> <p>AHC EMPLOYS >100 CLINICIANS</p> <div data-bbox="1176 730 1306 860"></div> <p>MEALS DELIVERED TO HOME</p>	<p>Industry Leading >60 NPS</p> <div data-bbox="1512 446 1642 576"></div> <p>ACCESS ON-DEMAND CONCIERGE CARE</p> <div data-bbox="1774 446 1904 576"></div> <p>ACCESS BLACK CARD</p> <div data-bbox="1512 730 1642 860"></div> <p>COMPANION ON-DEMAND PERSONAL CARE</p> <div data-bbox="1774 730 1904 860"></div> <p>MEMBER RATING OF OVERALL PLAN</p>

AHC Offers Products and Experiences for Each Addressable Consumer Segment





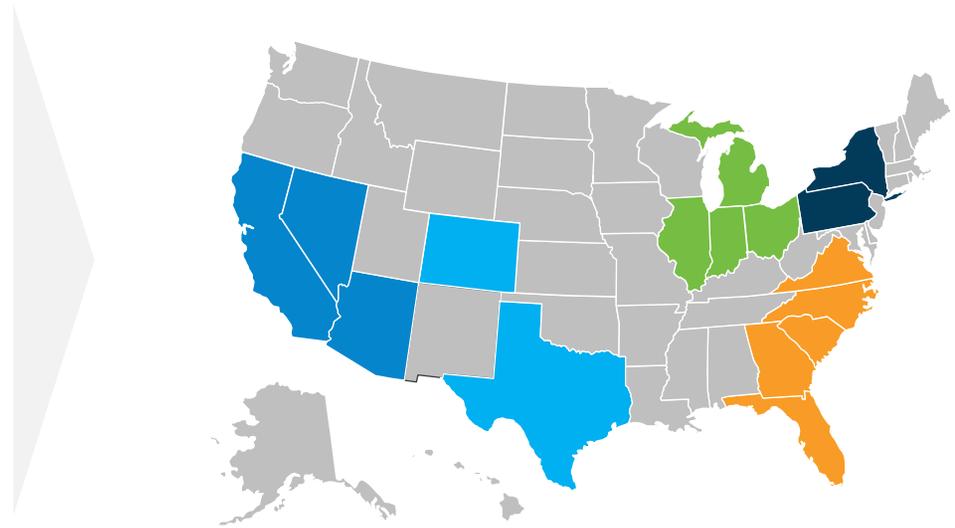
LAND AND EXPAND LEVERAGING AHC'S REPLICABLE MODEL

~41M Seniors (~64% of Senior Population) Reside in 16 States

5 Regions

16 States ("Beachheads")

5-20 Markets Per MSA



Alignment at Every Street Corner



Contracting Flexibility with Partners



Tailored Deployment of AVA Toolkit

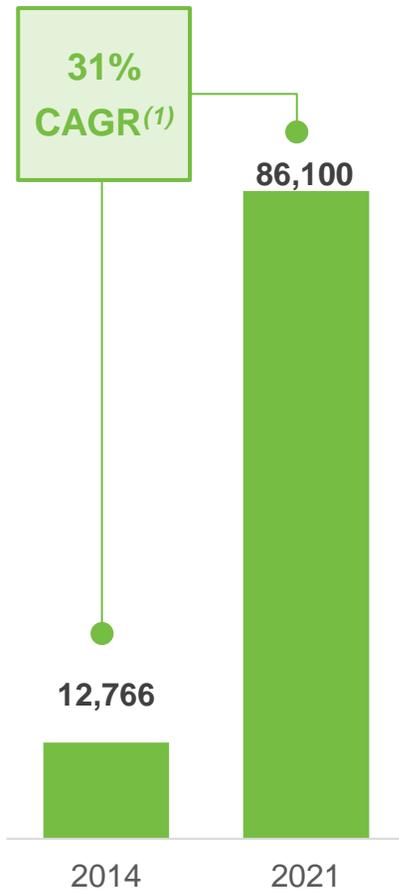


FINANCIAL OVERVIEW

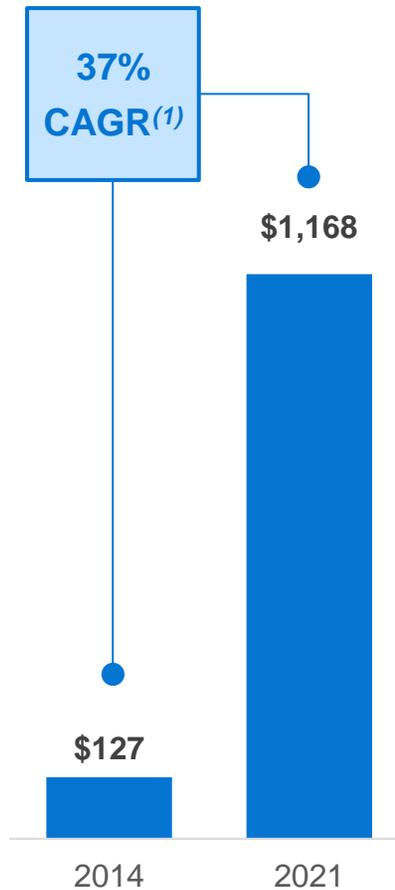


OUR VIRTUOUS CYCLE HAS TRANSLATED TO STRONG RESULTS...AND WE ARE ONLY GETTING STARTED

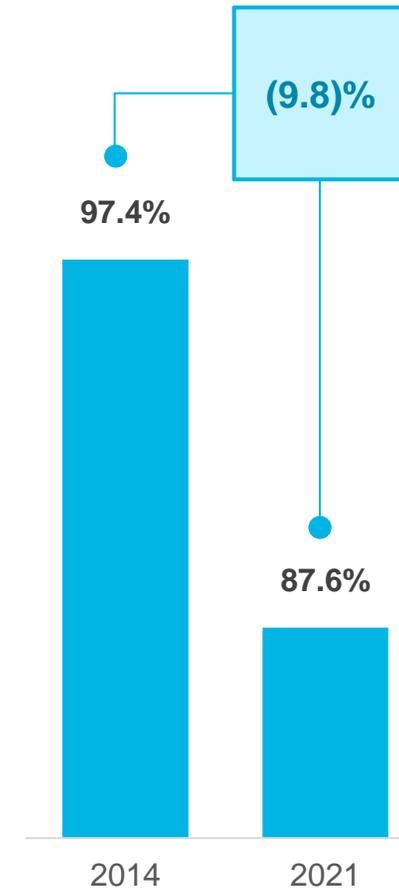
Growth in Medicare Advantage: High Quality, Low Cost, and Better Consumer Experience



Health Plan Membership⁽¹⁾



Total Revenue (\$M)



Medical Benefits Ratio⁽²⁾

Notes:

- 1. Data includes Health Plan Membership and excludes third party payor members with respect to which we are at-risk for managing their healthcare expenditures, as well as excludes Direct Contracting membership
- 2. We calculate our MBR by dividing total medical expenses excluding depreciation and equity-based compensation by total revenues in a given period.

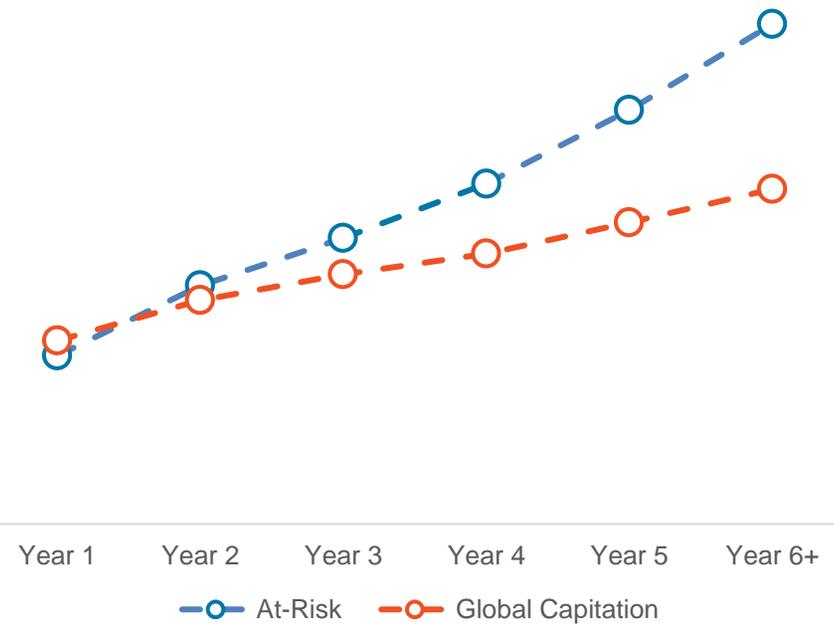
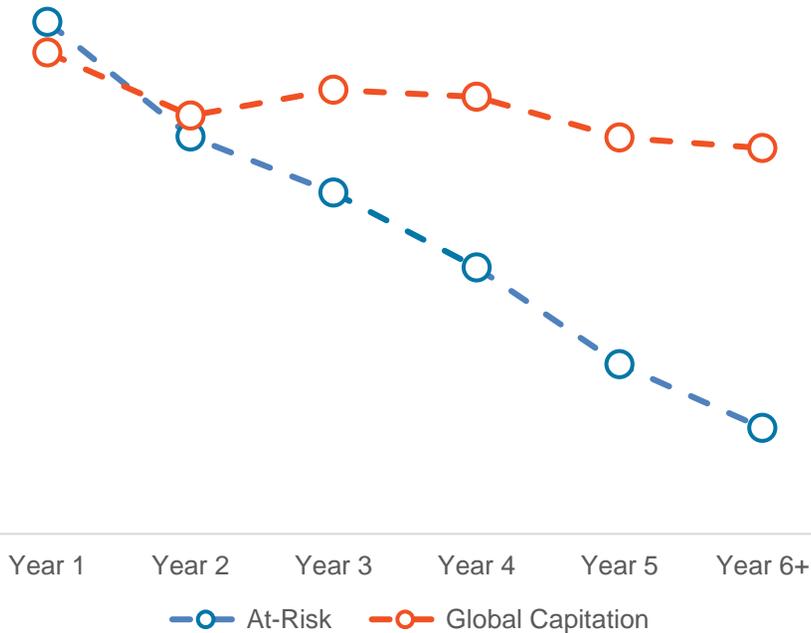


CLINICAL MODEL, AVA, PROVIDER ENGAGEMENT LEAD TO DIFFERENTIATED UNIT ECONOMICS

At-Risk vs. Global Capitation Unit Economics

MBR Performance by Cohort

Gross Profit PMPM by Cohort



At-Risk Contracting Drives +2x Greater LTV/CAC vs. Global Capitation Contracting

Notes:

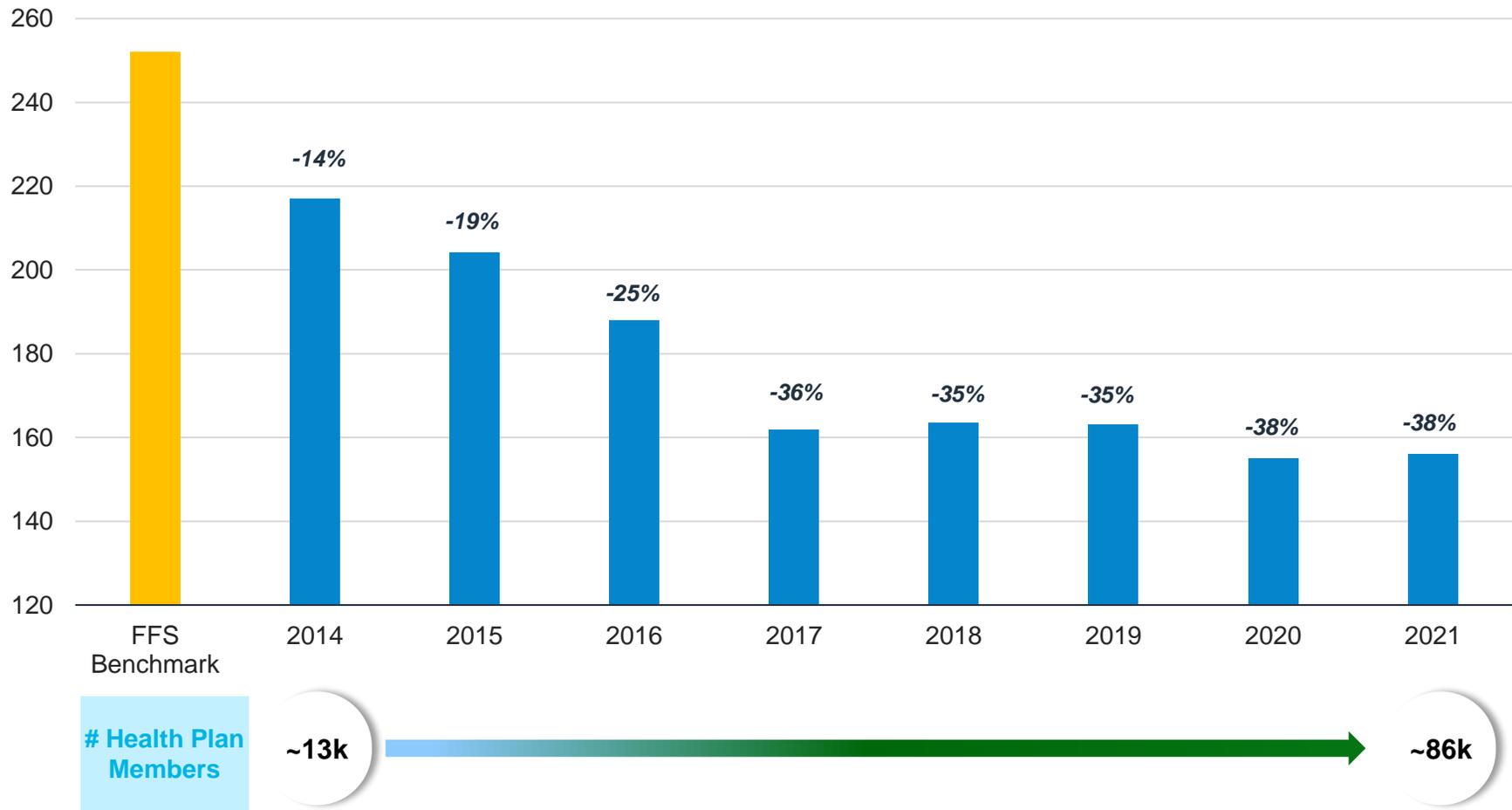
1. Data reflects 2014-2021 dates-of-service. Claims paid through May 2022. Based on continuous At-Risk membership / market performance. CA pro forma to reflect 4.0 stars; historical NC RBO shown based on estimated gross revenue. Reflects Part C third party medical expense relative to Part C revenue, including annual clinical model investments.



AVA + CARE ANYWHERE: ENABLING HIGH QUALITY, CONSISTENT OUTCOMES OVER TIME

AVA and Care Anywhere have enabled consistent outcomes across diverse geographies while our Health Plan Membership has grown from ~13k members to ~86k at year-end 2021

At-Risk Member Inpatient Admits per Thousand Trends vs. Health Plan Membership Growth ⁽¹⁾



Notes:

1. FFS benchmark based on 2021 enrollment mix by market. 2021 inpatient admits/k metric represents full year 2021. Historical periods include estimated utilization where appropriate to account for billing settlements



SUMMARY UPDATE SINCE IPO

Near-Term Financial & Operational Results Achieved...

Beat health plan membership, revenue, adj. gross profit and adj. EBITDA first seven quarters since IPO

MBR engine continues to perform with 85.5% MBR in YTD 3Q22

Maintained 4 Star rating for Rating Year 2023 (Payment Year 2024); sixth year in a row at/above 4 Stars

Added ~12k members since September 2021 to bring total Health Plan membership to ~98.0k as of September 2022



... While Building the Foundation for Long-Term Success

Continued investment into differentiated AVA platform (panel management module, inpatient admission risk application)

Grew from 22 markets across 3 states in 2021 to 38 markets across 4 states in 2022 (~7M Medicare eligible TAM)

Developing and deploying new products that enhance the lives of Seniors (PPO, EI Unico, Harmony, DCE participant)

Growth initiatives underway to plant new beachheads for future growth opportunities, including announced entries into FL and TX in 2023



2022E GUIDANCE

***Guidance as of Nov 3, 2022**

	2021 Actuals	3Q22 Actuals	2022E Guidance ⁽¹⁾	
(\$ in millions)	2021	3Q22	4Q 2022E	2022E
Health Plan Membership⁽²⁾	86,100	98,000 <i>+700 vs. High Guidance</i>	98,000 - 99,000	98,000 - 99,000
Revenue	\$1,168	\$360 <i>+\$25m vs. High Guidance</i>	\$338 - \$343	\$1,410 - \$1,415
Adj. Gross Profit⁽³⁾	\$144	\$49 <i>+\$9m vs. High Guidance</i>	\$34 - \$37	\$189 - \$192
Adj. EBITDA⁽⁴⁾	(\$33)	(\$9) <i>+\$11m vs. High Guidance</i>	(\$30) - (\$27)	(\$33) - (\$30)

Notes:
 1. 2022E Low/High guidance as of Nov 3, 2022
 2. Health Plan Membership excludes third party payor members with respect to which we are at-risk for managing their health care expenditures; also excludes Direct Contracting Entity members
 3. Adjusted gross profit is a non-GAAP financial measure that we define as loss from operations before depreciation and amortization, clinical equity-based compensation expense, and selling, general, and administrative expenses.
 4. Adjusted EBITDA is a non-GAAP financial measure that we define as net loss before interest expense, income taxes, depreciation and amortization expense, reorganization and transaction-related expenses and equity-based compensation expense.



INVESTMENT HIGHLIGHTS

- 1** Payvidor uniquely positioned to provide value-based care at scale while delivering a consumer-centric senior experience
- 2** Leading care model leveraging internally employed clinicians for high-risk, chronic members
- 3** Proprietary technology platform purpose built to support community physicians, enable Alignment's internal clinical model and improve outcomes at scale
- 4** Proven ability to grow membership and drive profitability across diverse array of markets; predictable, repeatable and scalable
- 5** Serving the large and growing Medicare Advantage Market
- 6** Founder-led company with a senior management team with decades of industry experience
- 7** 31% Health Plan Membership CAGR and 37% Total Revenue CAGR from 2014 to 2021





RECONCILIATIONS



RECONCILIATIONS (1/2)

Adjusted Gross Profit / MBR % (\$ in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Loss from operations	(\$33,410)	(\$41,450)	(\$76,533)	(\$134,606)
(+) Equity-based compensation (medical expenses)	\$1,912	\$2,435	\$6,751	\$11,458
(+) Depreciation (medical expenses)	\$57	\$53	\$149	\$159
(+) Depreciation and amortization	\$4,456	\$4,080	\$12,586	\$11,725
(+) Selling, general, and administrative expenses	\$76,452	\$76,846	\$212,418	\$212,910
Total add back	\$82,877	\$83,414	\$231,904	\$236,252
Adjusted gross profit	\$49,467	\$41,964	\$155,371	\$101,646
<i>Adjusted gross profit %</i>	13.7%	14.3%	14.5%	11.7%
<i>Adjusted MBR %</i>	86.3%	85.7%	85.5%	88.3%



RECONCILIATIONS (2/2)

Adjusted EBITDA (\$ in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net loss	(\$40,247)	(\$45,816)	(\$92,644)	(\$147,452)
(+) Interest expense	\$4,605	\$4,414	\$13,496	\$12,991
(+) Depreciation and amortization	\$4,513	\$4,133	\$12,735	\$11,884
(+) Income taxes	\$167	—	\$167	—
EBITDA	(\$30,962)	(\$37,269)	(\$66,246)	(\$122,577)
(+) Equity-based compensation ¹	\$18,687	\$30,511	\$58,833	\$93,185
(+) Reorganization and transaction-related expenses ²	\$579	\$457	\$579	\$4,058
(+) Acquisition expenses ³	\$7	\$789	\$1,066	\$1,090
(+) Loss on sublease ⁴	—	—	\$509	—
(+) Loss on extinguishment of debt	\$2,196	—	\$2,196	—
Adjusted EBITDA	(\$9,493)	(\$5,512)	(\$3,063)	(\$24,244)

Notes:

- 2022 represents equity-based compensation related to grants made in the current year, as well as equity-based compensation related to the timing of the IPO, which includes previously issued stock appreciation rights liability awards, modifications related to transaction vesting units, and grants made in conjunction with the IPO. 2021 represents equity-based compensation related to the timing of the IPO as previously discussed. Equity-based compensation expense for the nine months ended September 30, 2021 includes \$11.4 million related to the cash settlement of pre-IPO stock appreciation rights.
- Represents legal, professional, accounting and other advisory fees related to our pre-IPO corporate reorganization and the IPO that are considered non-recurring and non-capitalizable.
- Represents acquisition-related fees, such as legal and advisory fees, that are non-capitalizable.
- Represents loss related to right of use ("ROU") assets that were subleased in the second quarter of 2022.