agilon health

Wolfe Healthcare Conference

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This presentation includes references to non-GAAP financial measures, including but not limited to Medical Margin and Adjusted EBITDA. We believe medical margin and Adjusted EBITDA help identify underlying trends in our business and facilitate evaluation of period-to-period operating performance of our operations by eliminating items that are variable in nature and not considered by us in the evaluation of ongoing operating performance, allowing comparison of our recurring core business operating results over multiple periods. We also believe medical margin and Adjusted EBITDA provide useful information about our operating results, enhance the overall understanding of our past performance and future prospects, and allow for greater transparency with respect to key metrics we use for financial and operational decision-making. We believe medical margin and Adjusted EBITDA or similarly titled non-GAAP measures are widely used by investors, securities analysts, ratings agencies, and other parties in evaluating companies in our industry as a measure of financial performance. Other companies may calculate medical margin and Adjusted EBITDA or similarly titled non-GAAP measures differently from the way we calculate these metrics. As a result, our presentation of medical margin and Adjusted EBITDA may not be comparable to similarly titled measures of other companies, limiting their usefulness as comparative measures Medical Margin and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as an alternative to GAAP measures or other financial statement data presented in agilon's consolidated financial statements. We have not reconciled guidance for Medical Margin to Gross Profit or Adjusted EBITDA to net income (loss), the most comparable GAAP measures, and have not provided forward-looking guidance for net income (loss) in each case because of the uncertainty around certain items that may impact Gross Profit or net income (loss), including non-cash stock-based compensation.

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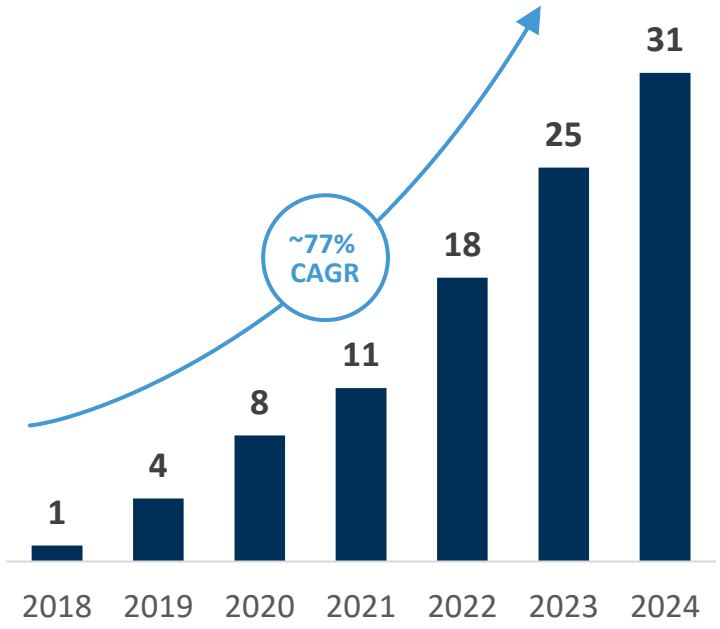
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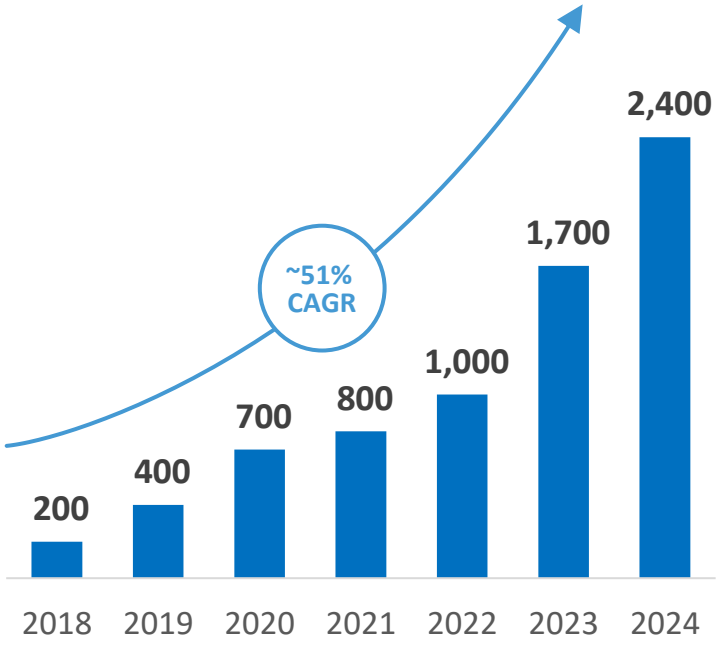
Empowering Doctors and Transforming Senior Care

- Improving patient experiences and outcomes
- Our model is resonating with PCPs, patients, and payors

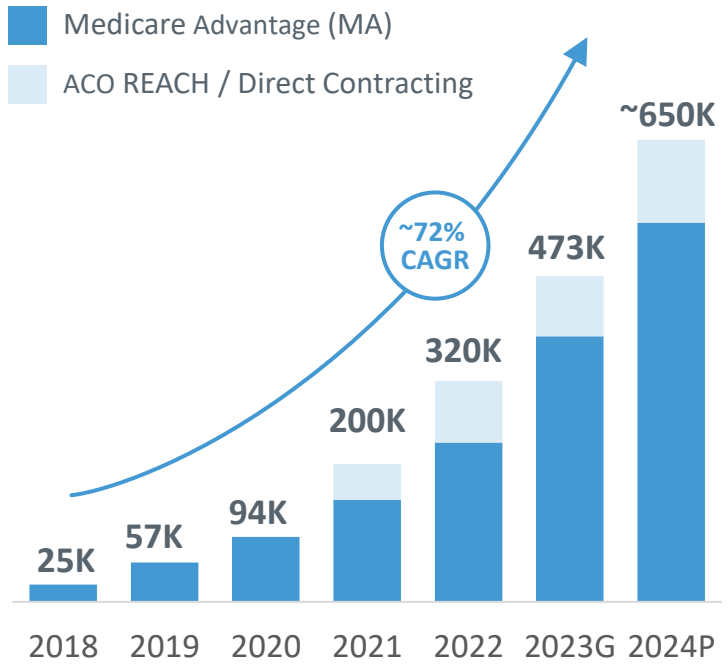
Partner Groups



Primary Care Doctors



Patients



Note: Primary Care Doctors and Patients exclude Hawaii

Our Financial Model and Longer-Term Commitments

Reiterating 2026 Adjusted EBITDA Target

Guidance With Geo Entry >$530M
(Per revised SEC guidance)

Geography Entry Costs ~$70M
(Expected annual amount)

2023 IR Day Presentation >$600M
(Presentation prior to subsequent SEC guidance)

Notes: Adjusted EBITDA target for 2026 included $17M contribution from MDX Hawaii and $30M contribution from ACO REACH.

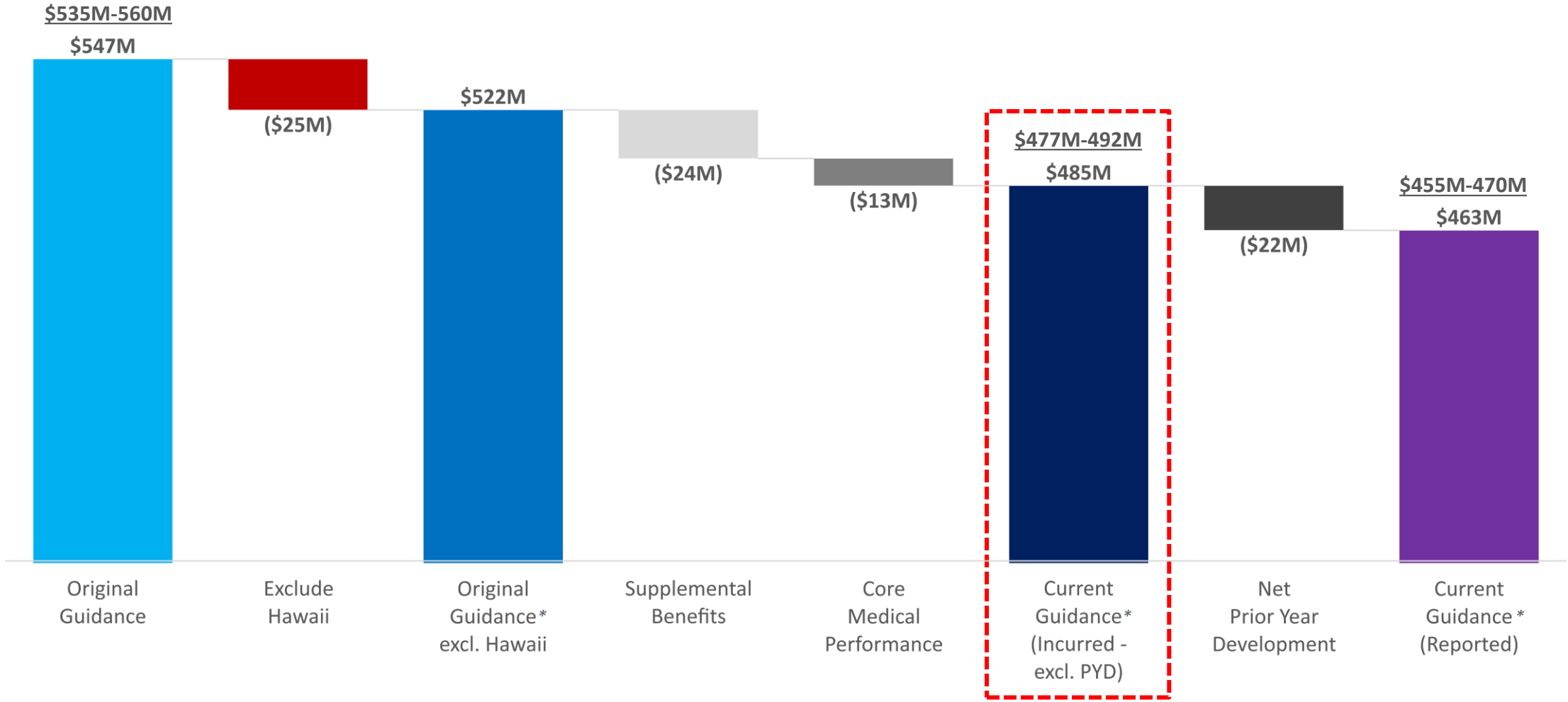
Adjusted EBITDA Drivers and Performance

Membership – *meaningfully ahead*

Medical Margins – *slightly behind*

ACO REACH – *modestly ahead*

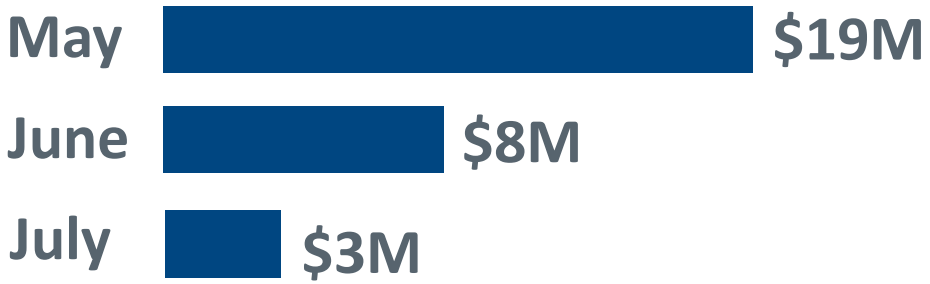
How Medical Margin Differed From Expectations in 2023



Note: The average membership in the Original Guidance excl. Hawaii was 360K compared to the Current Guidance mid-point of 377K.

Claims Trend Assumptions for Remainder of Year (Aug-Dec 2023)

- **Full year cost trend guidance is $90M higher than our initial expectation**
- **May/June/July costs were $30M higher than expected but moderating**



- **Guidance now assumes $50M of higher costs, $10M/month for Aug-Dec**
- **PY development represented an additional $10M in costs during 3Q**

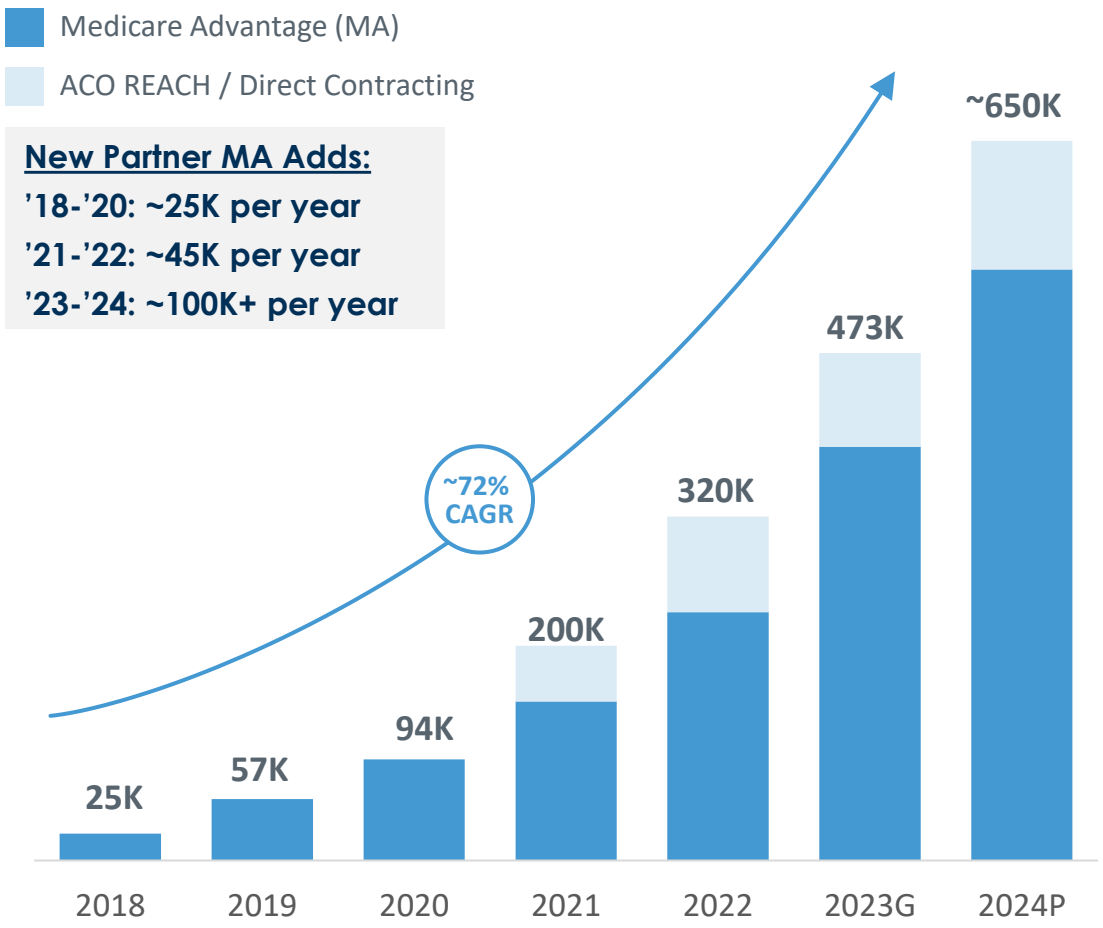
Note: May/June/July estimate for excess cost above initial expectation based on a subset of payors with more current claims data

Levers To Improve Performance in 2024 and Beyond

- **Expanding programs to control medical costs**
  - *High-risk/Complex Patients:* Expanding foundational clinical programs to 100% of markets by year-end 2024 (e.g., renal, palliative, high-risk management): +$30 PMPM opportunity
    - 1,000 Senior patients enrolled in palliative care study saw 39% fewer hospitalizations, 48% less ICU days, and 21% fewer ER visits.
  - *High-cost settings*: New real-time inpatient data capability - across all markets in Q1 2024, lower-cost ambulatory surgery center alternatives in select markets.
  - *Practice variability:* For PCPs, bottom quartile to median performance
- **Engaging with health plans decreases supplemental benefit exposure**
  - Improve data collaboration and future contract structures
- **Implemented strategy to address prior year development**
  - Continue to close visibility and data gaps with payor partners
  - Reserve in upper end of actuarial estimation range exiting 2023

We Are Ahead on Membership Growth & ACO Reach

Membership Growth



ACO REACH Performance

- **2023 Adjusted EBITDA contribution of $39M is ahead of initial guidance and 2026 target**
- **Similar medical margin savings (>$130 PMPM) as Medicare Advantage in 2023**
- **Important to our network: meaningful risk-based enrollment across PCP's entire Medicare panel**

Divested Hawaii Due to Lack of Strategic and Financial Fit

Sale enables agilon to focus on 31 core partner markets

- **Closed on October 31. Proceeds are immaterial. agilon does not retain any liabilities.**
- **Hawaii was agilon's only non-partner market. The market ran lower Medical Margin, higher local opex, and represented drag to Adjusted EBITDA.**
- **agilon is focused on markets with scaled, long-term JV partner and multi-payor contracts.**

MDX Hawaii Financials (2023 - Initial Guide)

- Revenue: $313M
- Medical Margin: $25M
- Adjusted EBITDA: ($4)

MDX Hawaii Financials (3Q23 YTD)

- Revenue: $241M
- Medical Margin: $8M
- Adjusted EBITDA: ($14)

Notes: Non-GAAP reconciliations provided in tables to Form-8K furnished on November 2, 2023

Adjusted EBITDA Drivers for 2024

- **Medical margin growth in 2023 is modestly lower than initial guidance**
  - Medical margin for Year 2+ market classes still up 23% for the full year 2023
  - These ~255K MA members expected to increase Medical Margin further in 2024
  - Same geography membership expected to grow above market in 2024

- **Large Year 1-2 Classes contribute meaningfully**
  - Class of 2023 (>130K MA members) ramping Medical Margin in 2024
  - Class of 2024 (>110K MA members) starting >$60 Medical Margin PMPM

- **Expect to build on 2023 ACO REACH performance into 2024**