agilon health



Investor Presentation.

September 2023

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Statements in this presentation that are not historical factual statements are "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. Forward-looking statements include, among other things, statements regarding our and our officers' intent, belief or expectation as identified by the use of words such as "believes," "expects," "may," "will," "shall," "should," "would," "could," "seeks," "aims," "projects," "is optimistic," "intends," "plans," "estimates," "anticipates" or the negative versions of these words or other comparable terms. Examples of forward-looking statements include, among other things: statements regarding timing, outcomes and other details relating to current, pending or contemplated new markets, growth opportunities, ability to deliver sustainable long-term value, business environment, long-term opportunities and strategic growth plans, expected revenue and net income, total and average membership, Adjusted EBITDA, Medical Margin, geography entry costs and other financial projections and assumptions. Forward-looking statements reflect our current expectations and views about future events and are subject to risks and uncertainties that could significantly affect our future financial condition and results of operations. While forward-looking statements reflect our good faith belief and assumptions we believe to be reasonable based upon current information, we can give no assurance that our expectations or forecasts will be attained. Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be outside our control. These risks and uncertainties that could cause actual results and outcomes to differ from those reflected in forward-looking statements include, but are not limited to, those factors discussed in our filings with the Securities and Exchange Commission (the "SEC"), including the factors discussed under "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which can be found at the SEC's website at www.sec.gov. Except as required by law, we do not undertake, and hereby disclaim, any obligation to update any forward-looking statements, which speak only as of the date on which they are made.

NON-GAAP

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. Reconciliation of such non-GAAP measures to the applicable GAAP measures are set forth in the appendix.

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Investment Highlights



Large, Growing Addressable Market



First Mover Advantage



Long-Term Alignment with Local Physician Leaders



Unlocking Diverse Geographies & Partners



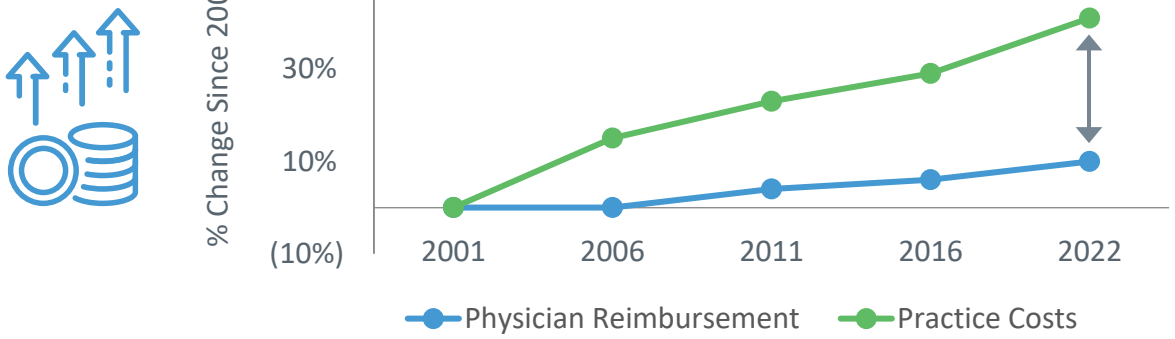
Physicians & Patients Are Winning



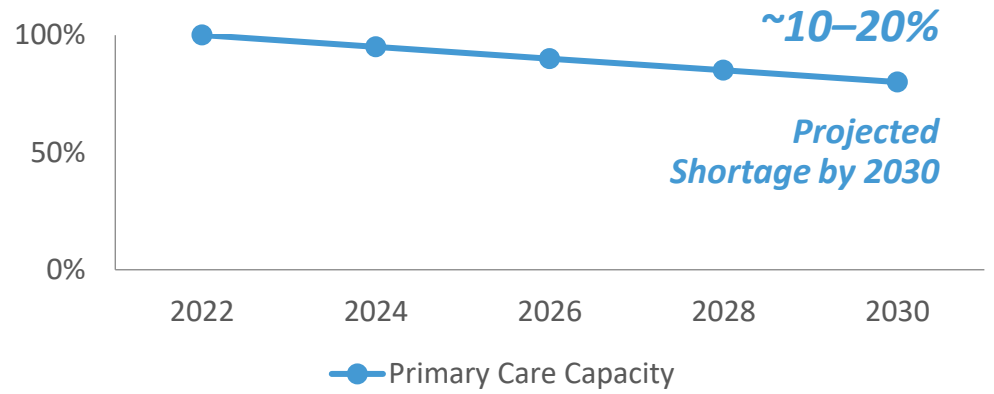
Efficient Growth Model

Primary Care Economics and Capacity Are Getting Worse

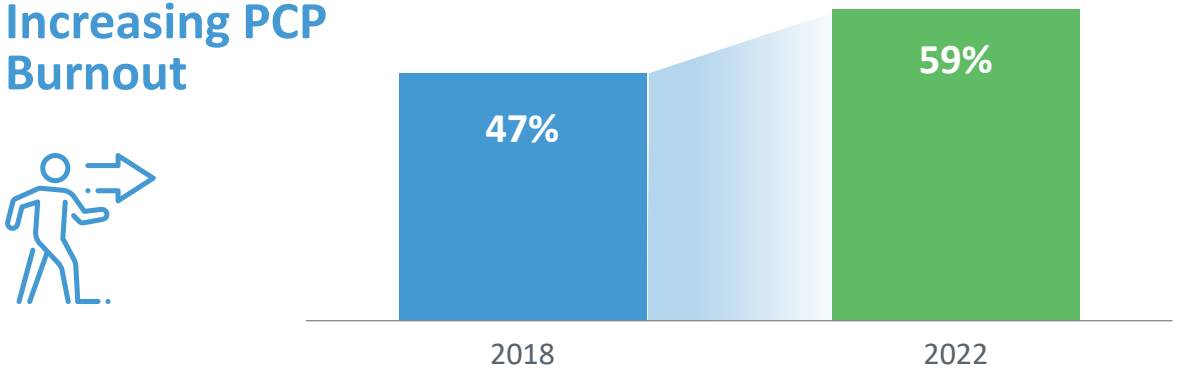
Challenged PCP Economics



Primary Care Capacity is Strained



Increasing PCP Burnout



1 in 5 Doctors



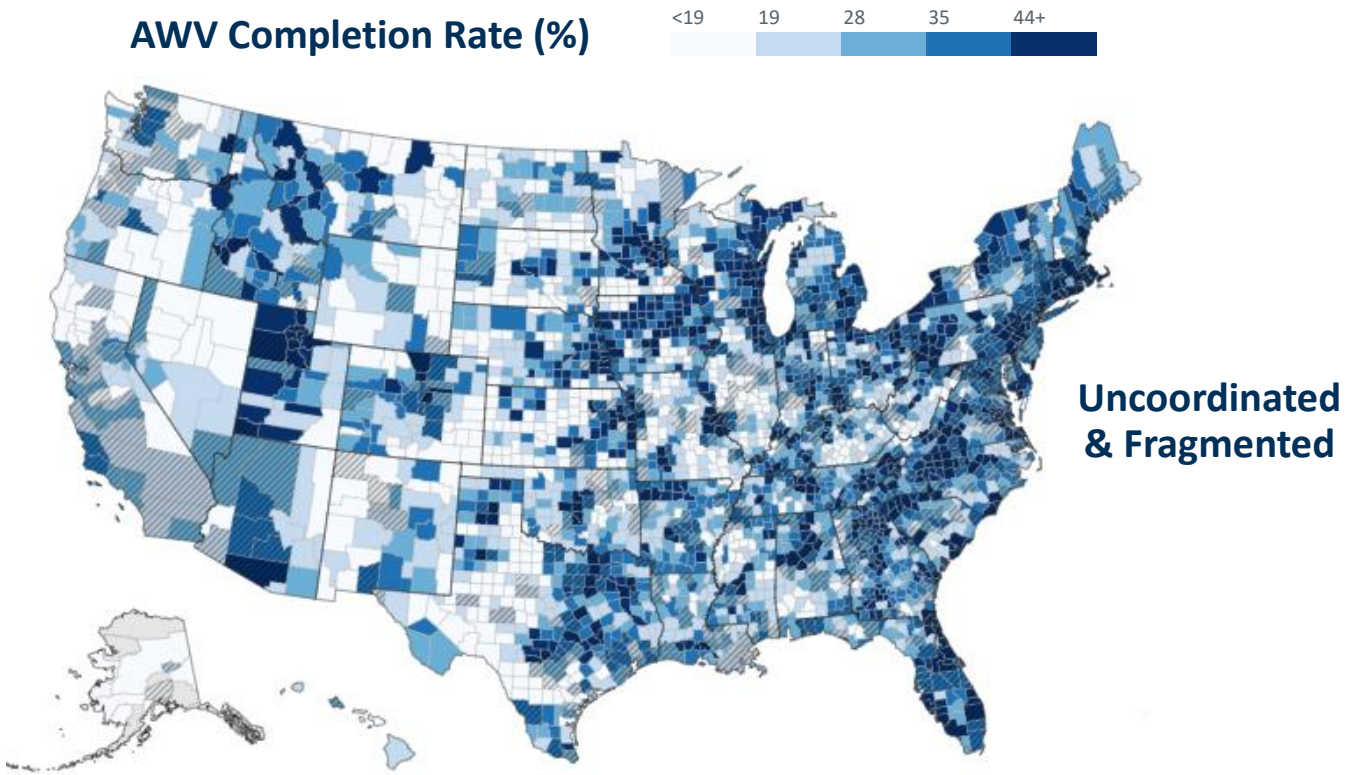
Plan to Leave the Profession in the Next 2 Years*

*Per the AMA

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While Senior Patient Outcomes Are Poor and Highly Variable

Variation in Preventative Services



Uncoordinated & Fragmented

Variation in Cost & Utilization

~2X

Variation in Medicare spending across regions

~3X

Variation in Medicare inpatient days across regions

… Negatively Impacting Patient Outcomes and Increasing Healthcare Costs

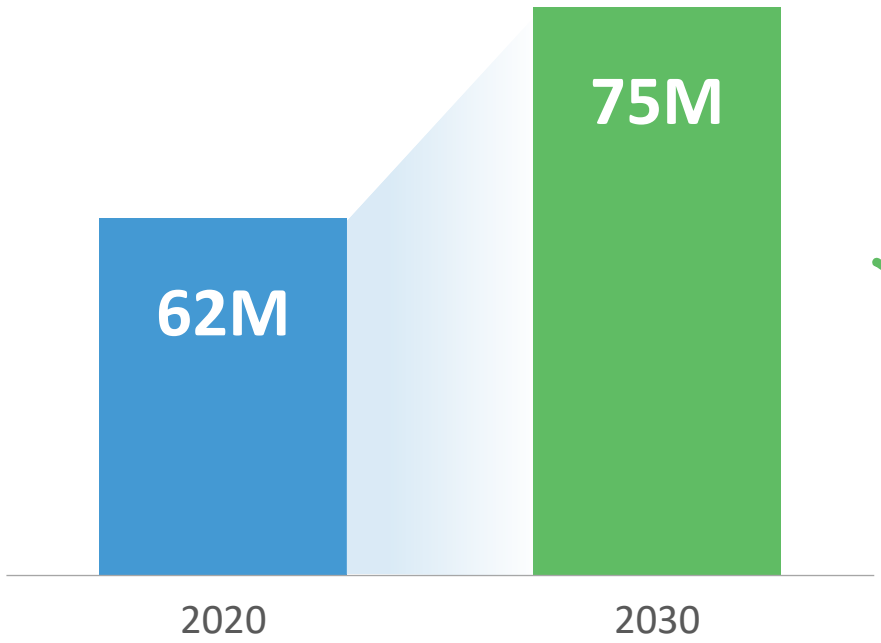
Source: CMS and The Dartmouth Atlas of Health Care

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System is Asking More of Primary Care Doctors

Growing Senior Population

Medicare Population 2020–2030



Increasing Focus on Value



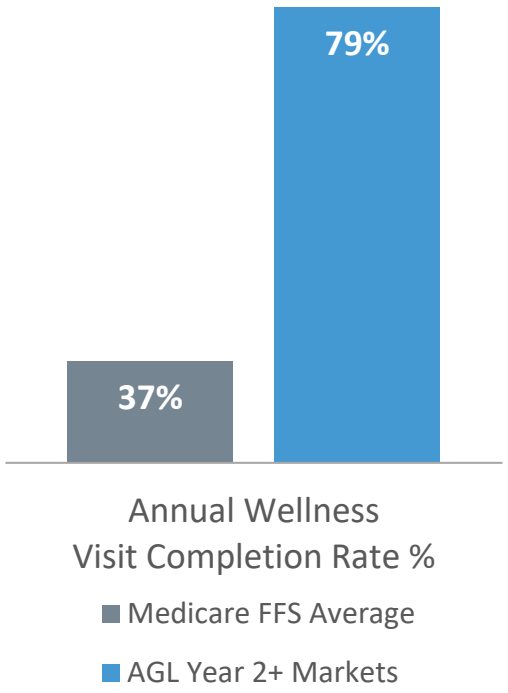
CMS target for Medicare beneficiaries in **total cost models by 2030**

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We Are Solving That Problem & Creating a Better Health Care System

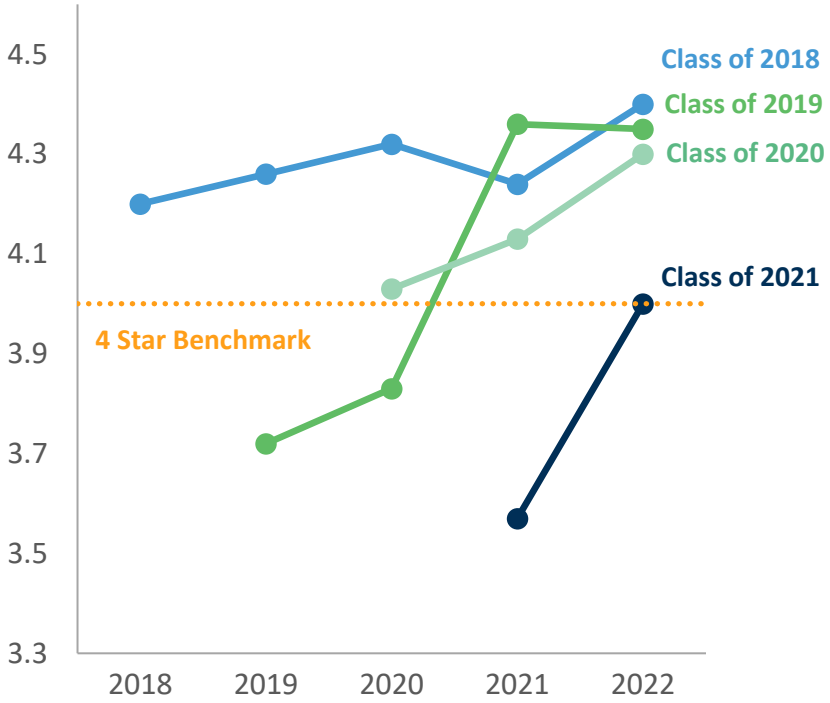
agilon's Total Care Model Driving Consistent Results

Patient Access



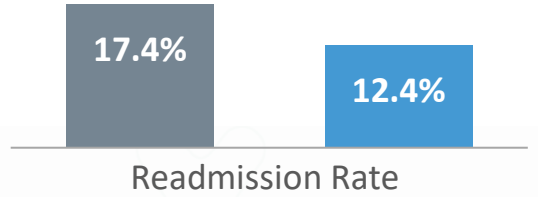
Quality

STARs Performance by Market Class



Utilization

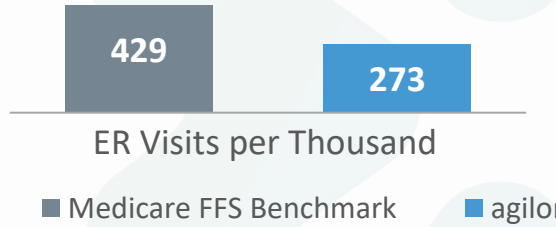
Readmissions



Hospital Admissions



Emergency Department Visits



Note: agilon metrics reflect performance across partner markets

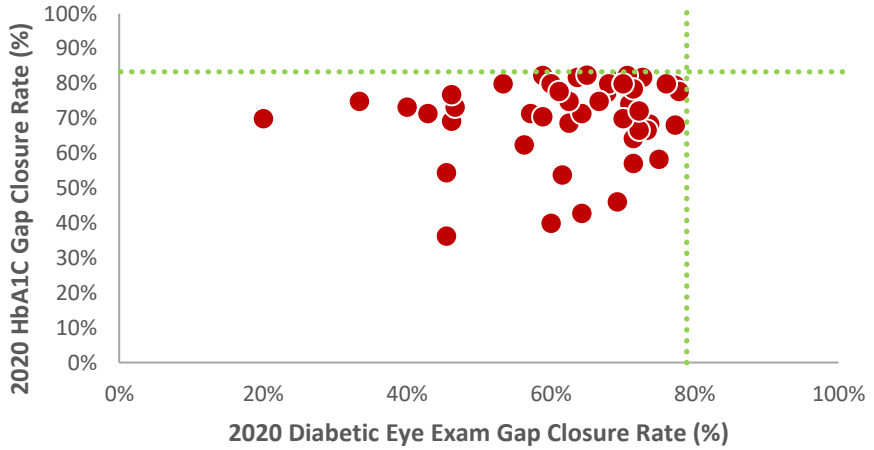
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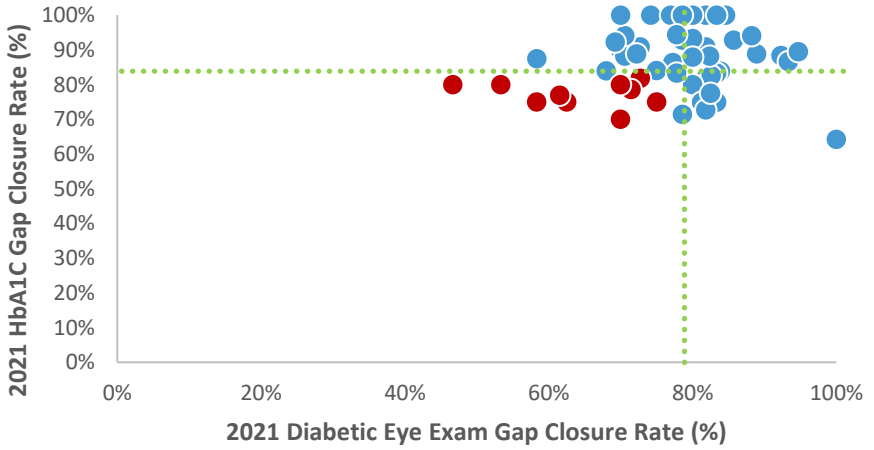
agilon Platform Enables PCPs to Extend Reach Beyond the Four Walls of their Office



Lower Performing PCPs in 2020



Same PCPs from 2020 in 2021

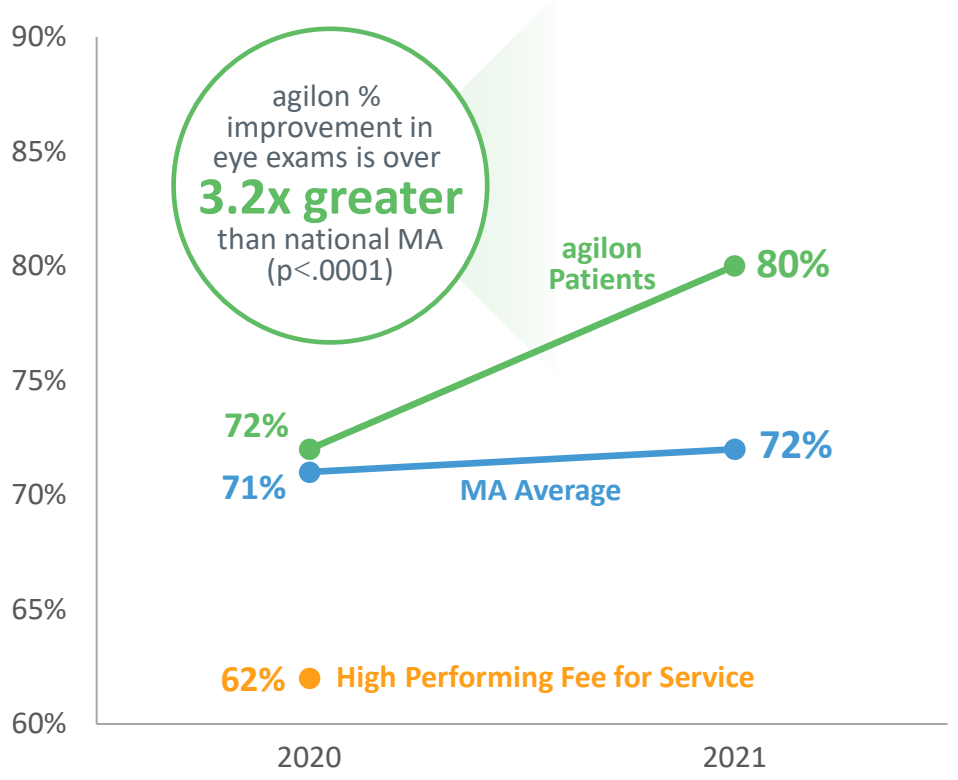


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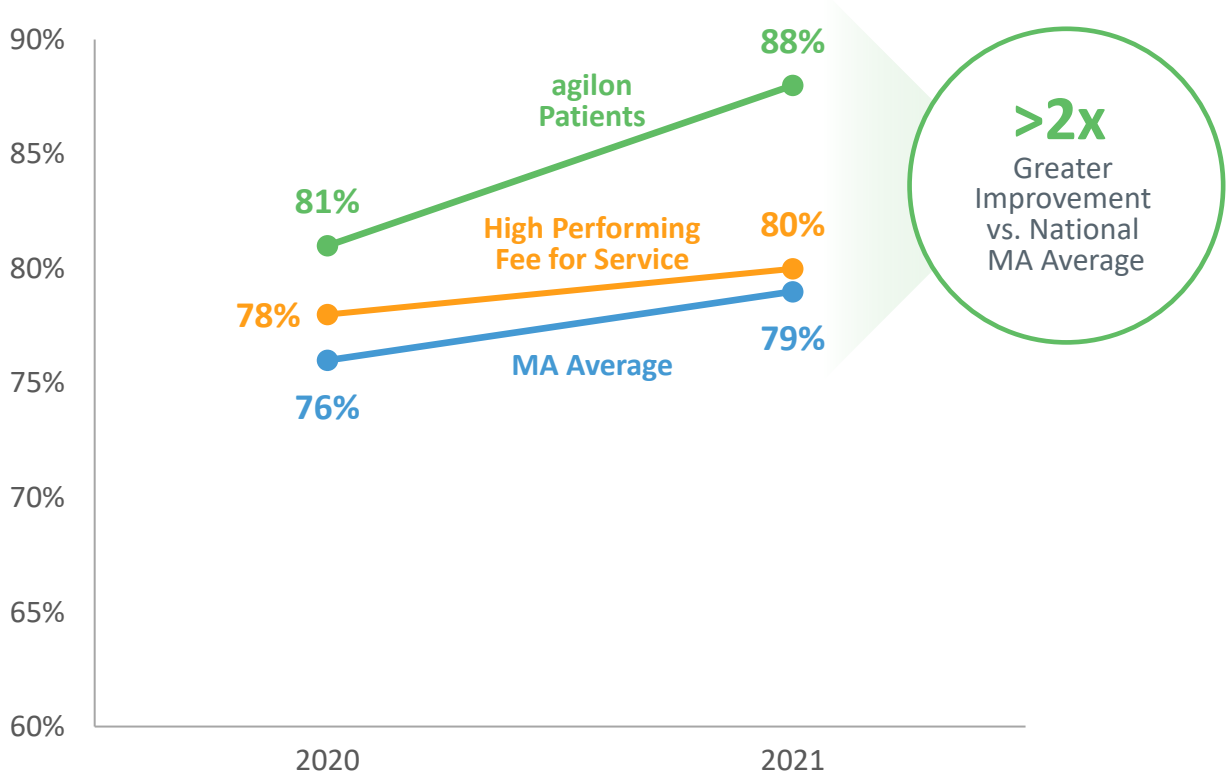
agilon is Improving Diabetic Eye Screening Rates and A1c Control Faster Than Both FFS and MA

Improving Diabetes Eye Exam Screening Rates and Diabetes A1c Control

Eye Exam for Patients with Diabetes



Hemoglobin A1c Control for Patients with Diabetes

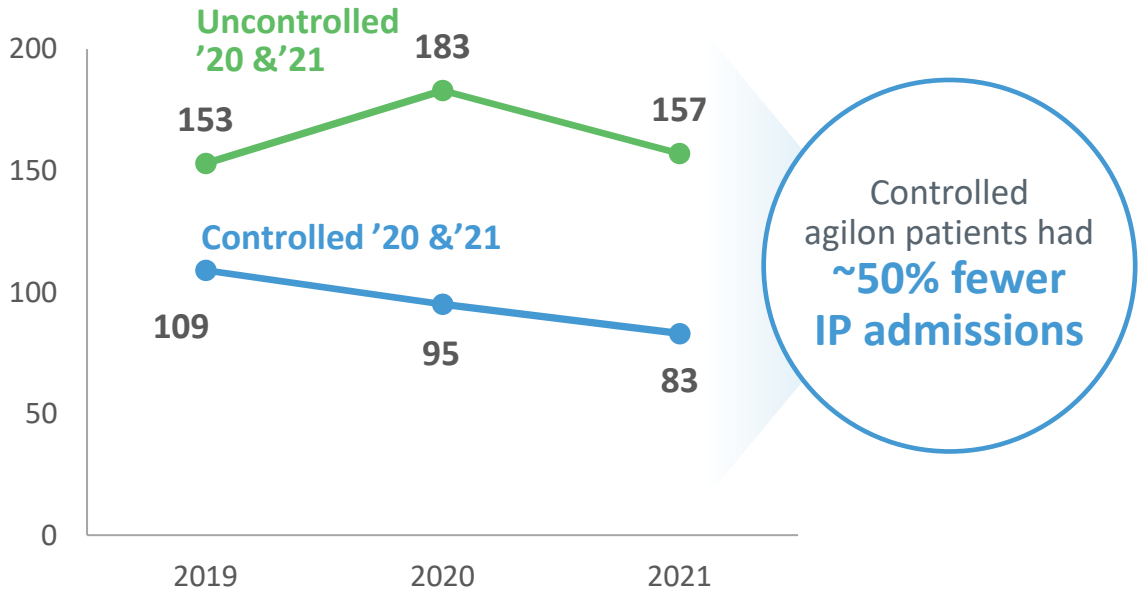


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Quality Improvements Translate into Lower Utilization and Cost of Care

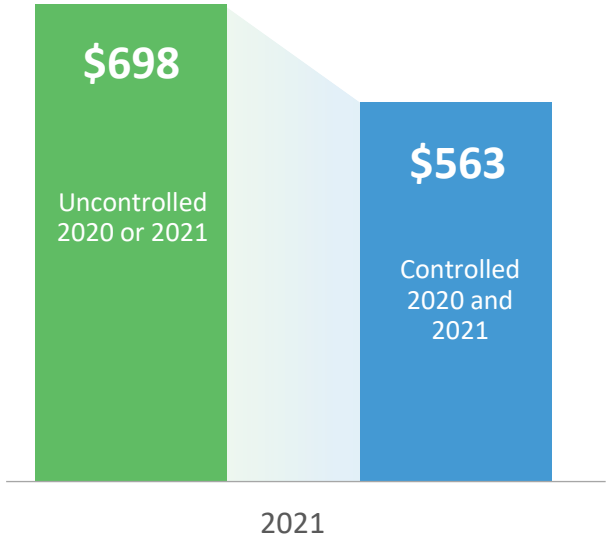
Better Patient Outcomes

Acute Inpatient Admits per Thousand



Controlled agilon patients had **~50% fewer IP admissions**

Total Medical Expense Per Member Per Month



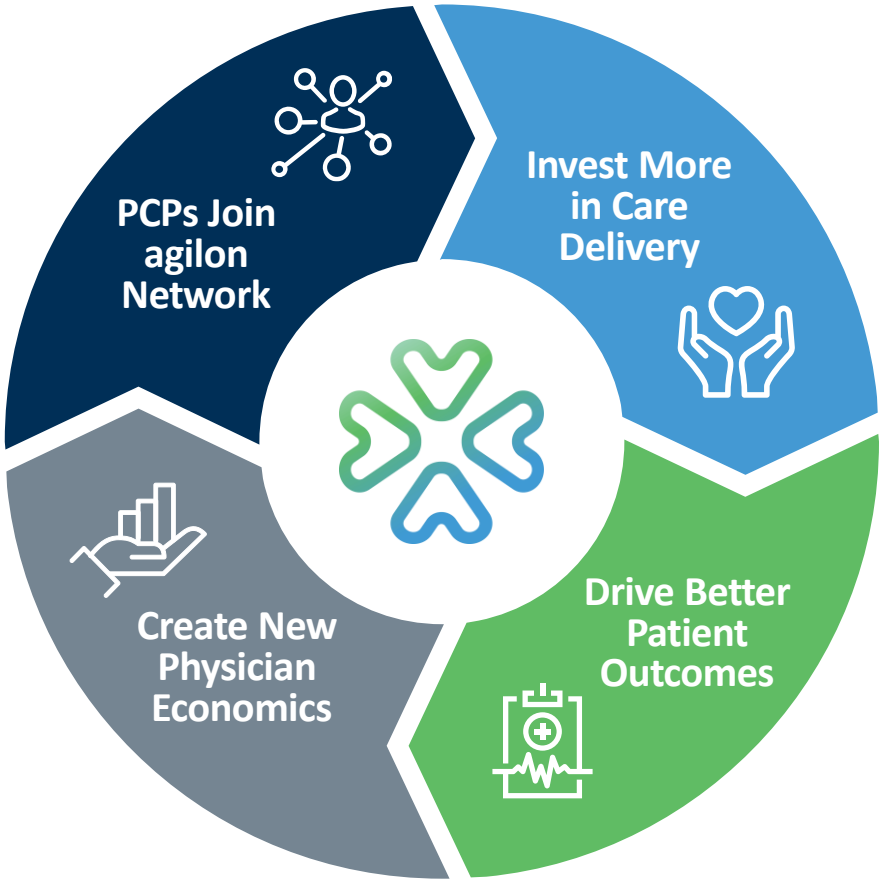
Patients with consistent HbA1c control **cost 19% less** than patients who are not controlled ($p<0.0001$).

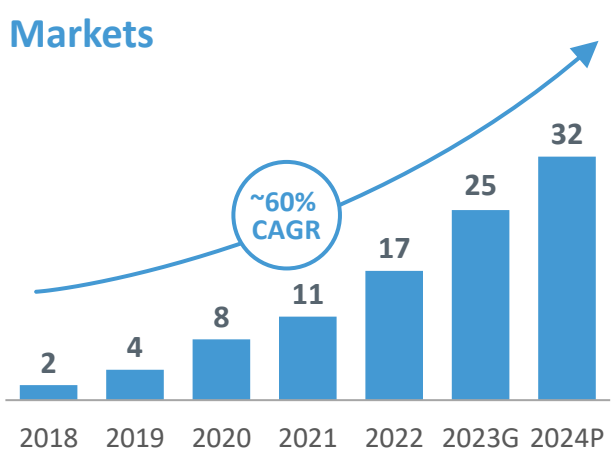
Patients with consistent control have **19% lower out-of-pocket costs** ($p<0.0001$).

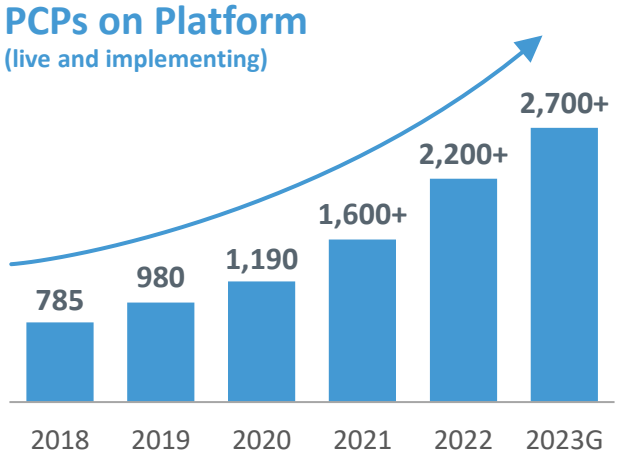
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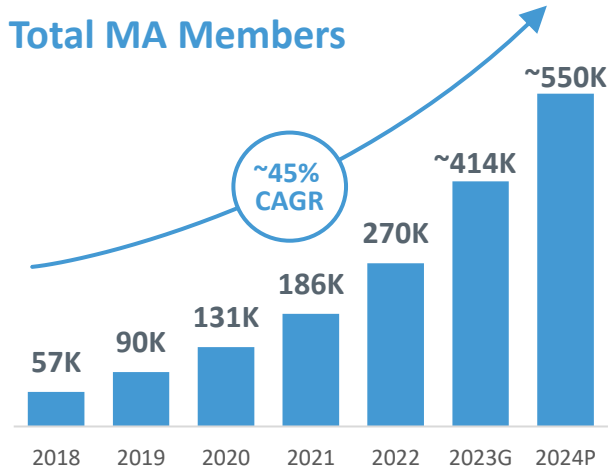
Performance is Driving Growth

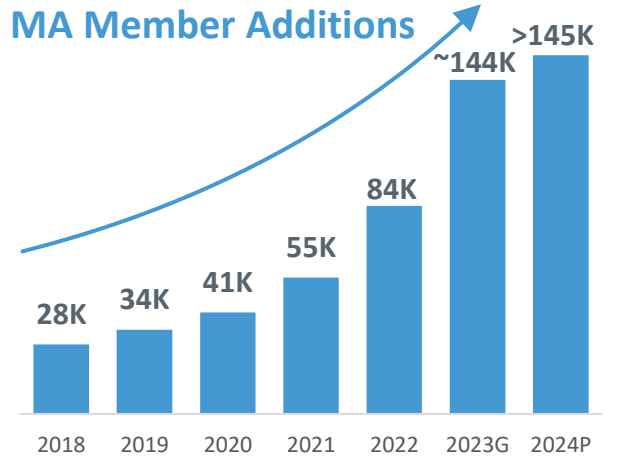
Expect to Add >145K New MA Members to Platform in 2024











Note: 2023G reflects guidance midpoints

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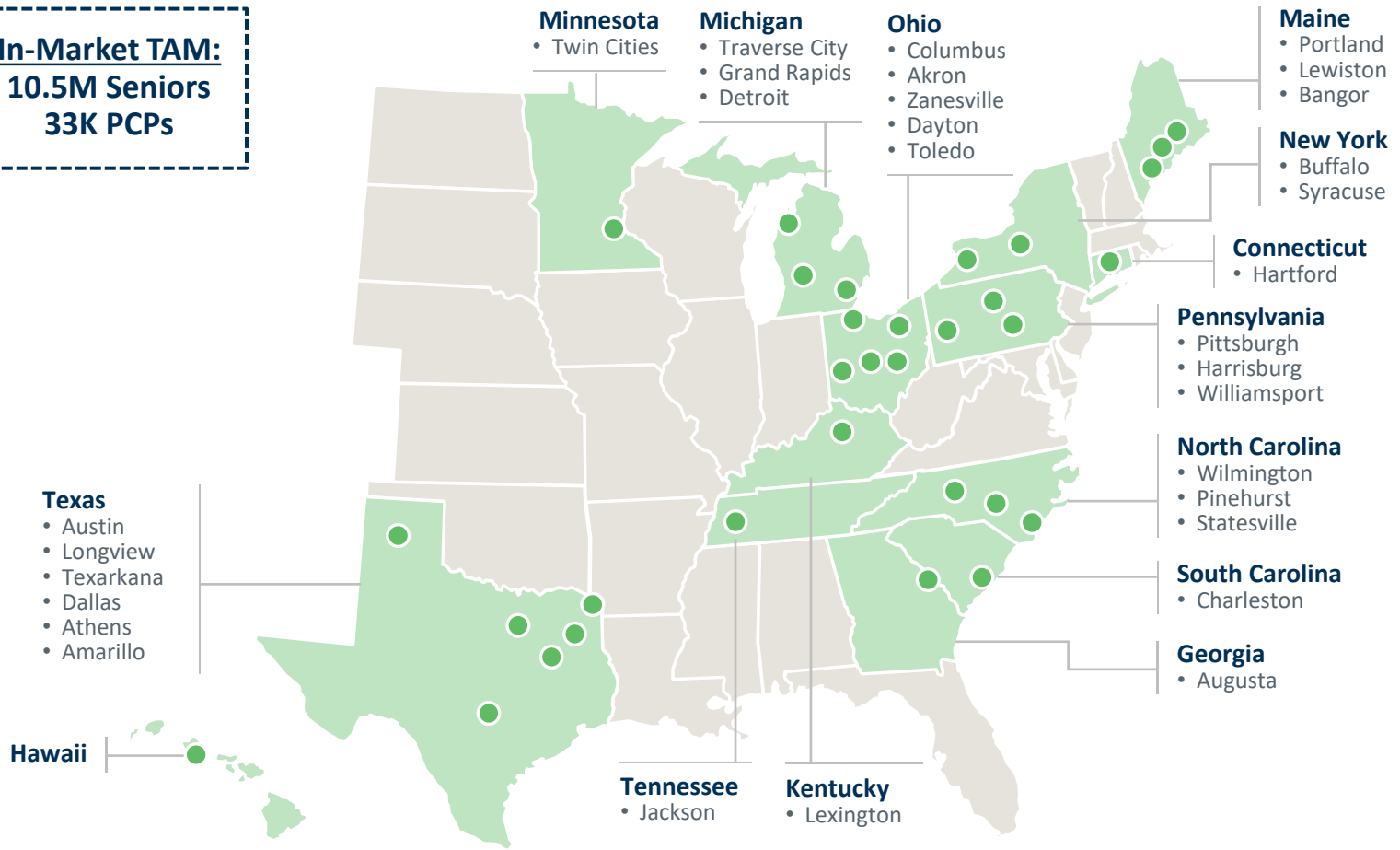
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Growth Drives Scale

Our Platform is the Solution for PCPs in VBC

agilon Network: 32 Markets in 14 States

In-Market TAM:
10.5M Seniors
33K PCPs



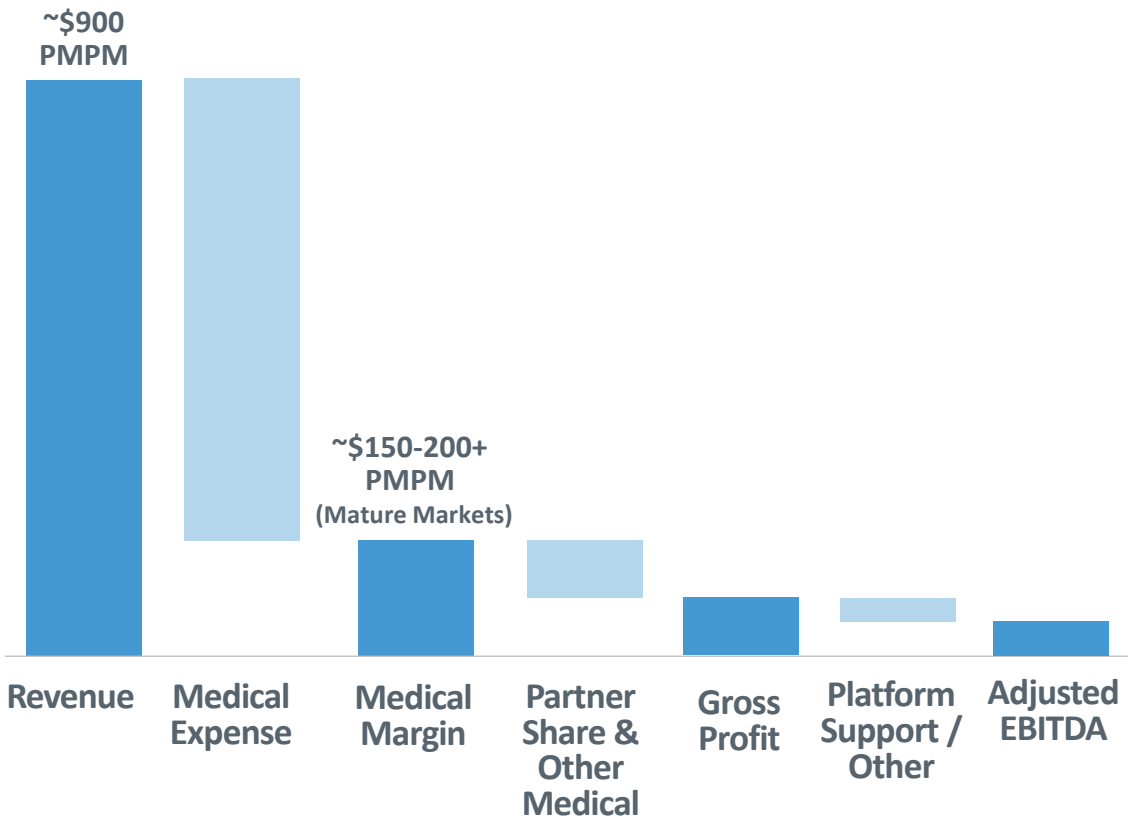
Competitive Moat: Local and National VBC Infrastructure

- **Local Scale and Market Infrastructure**
- **National Network of Existing Practices**
- **Technology & Data**

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agilon health Economic Model & Key Attributes

Illustrative Economic Model



Key Attributes

Long-Term Partnership
- **20-year joint venture partnerships**
- Shared economics with PCP partners

High Visibility
- **Recurring per member revenue**
- 12+ Month Visibility to New Members

Capital Light
- **Market entry with existing capacity**
- Highly Attractive LTV/CAC

Embedded Margins
- **Margins mature with tenure**
- >65% of members on platform <3 years

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High Confidence and Visibility in Long-Term Value Drivers

Visibility and Confidence Has Strengthened Since 2021



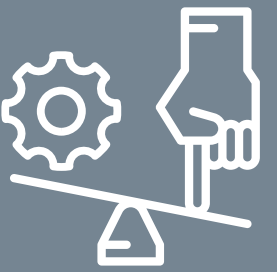
Putting More Members on the Platform



Medical Margin Progression by Markets and Member Cohorts



Membership Vintage (Time on Platform)

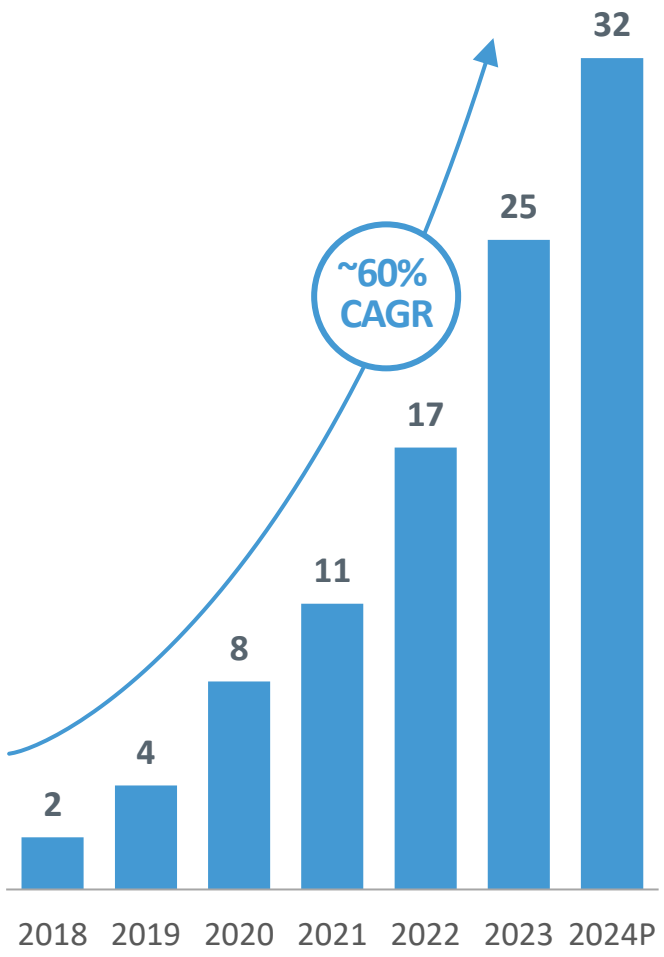


Operating Leverage at Market and Corporate

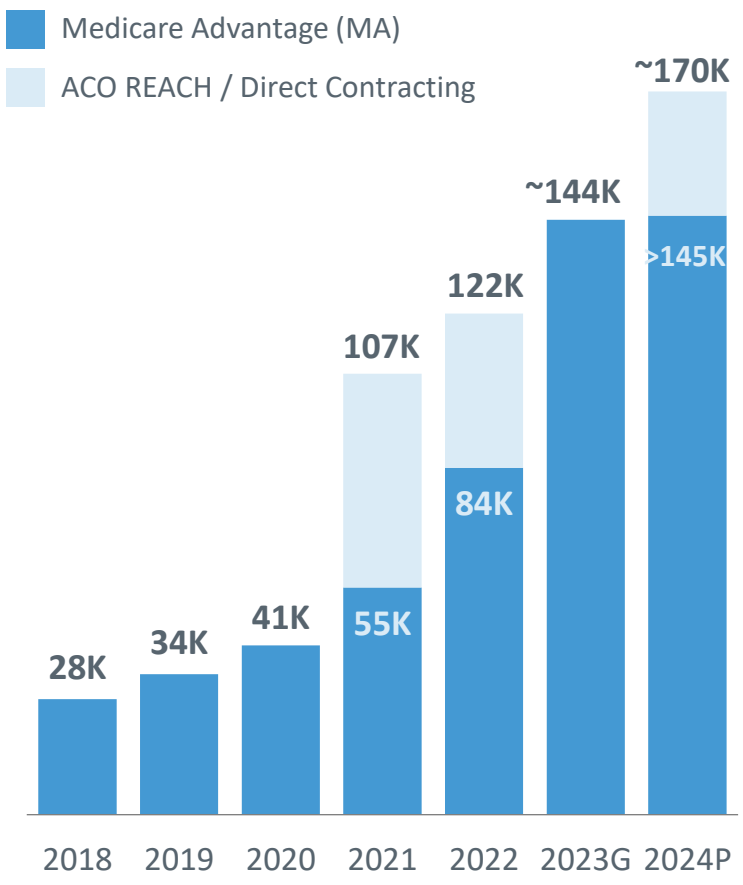
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Membership Growth is Accelerating, Early Growth Matters

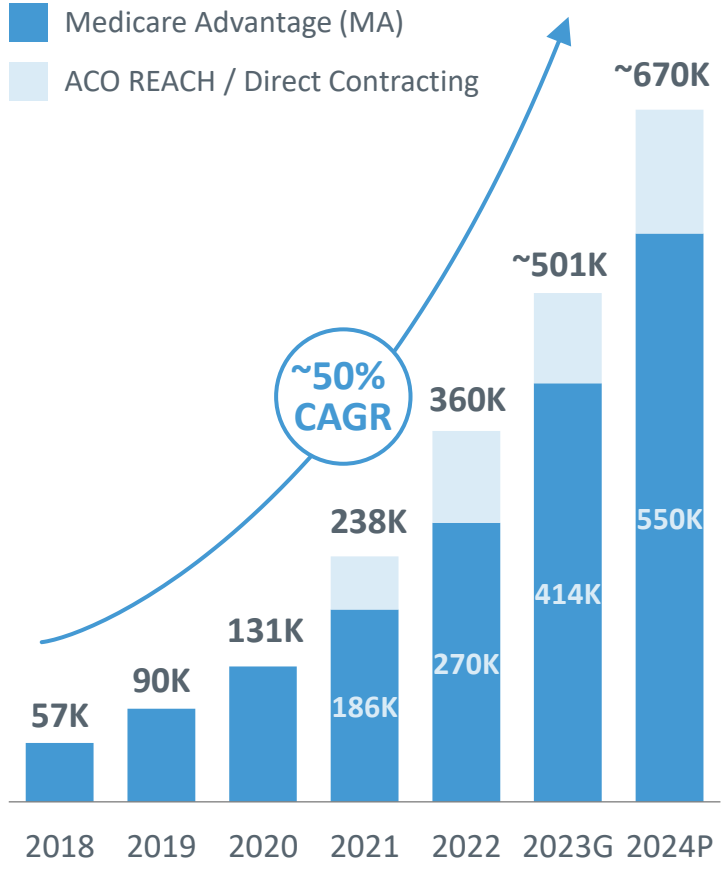
Markets



Member Additions



Members



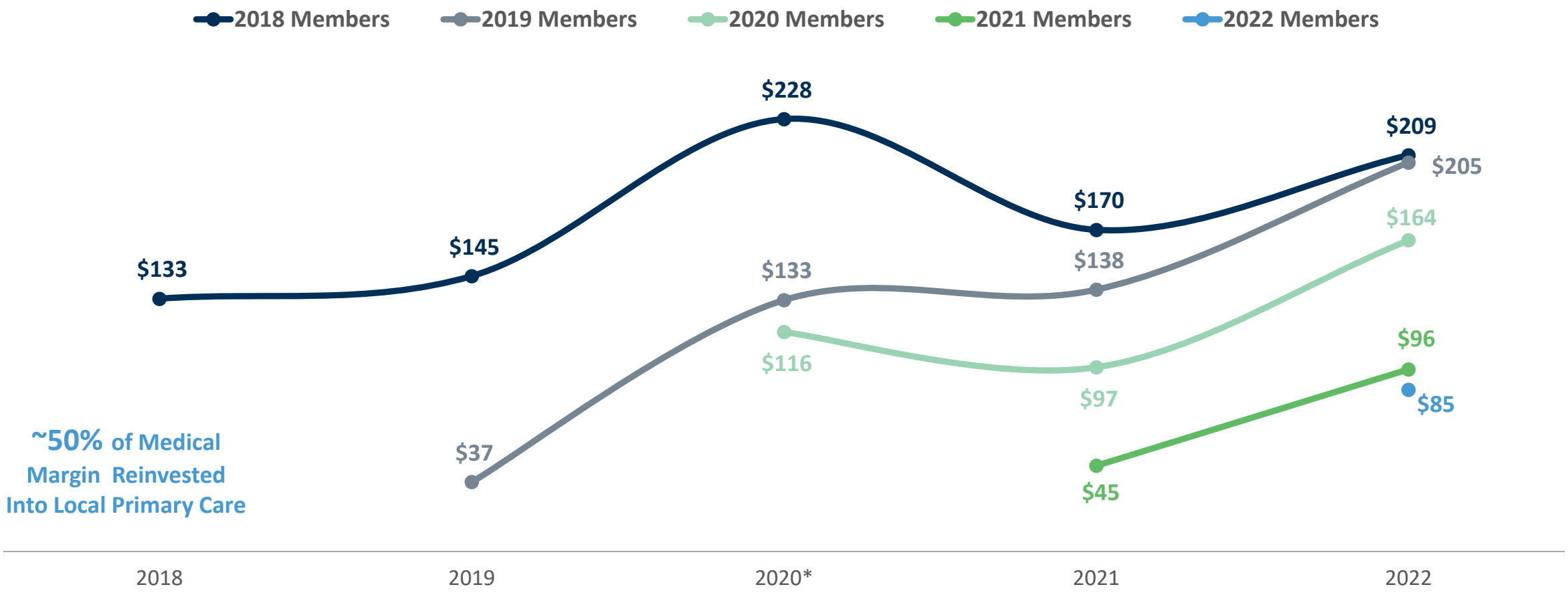
Note: Guidance and projections are approximations around the midpoint

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Consistent Medical Margin Progression Across Member Cohorts

Medical Margin PMPM by Member Cohorts



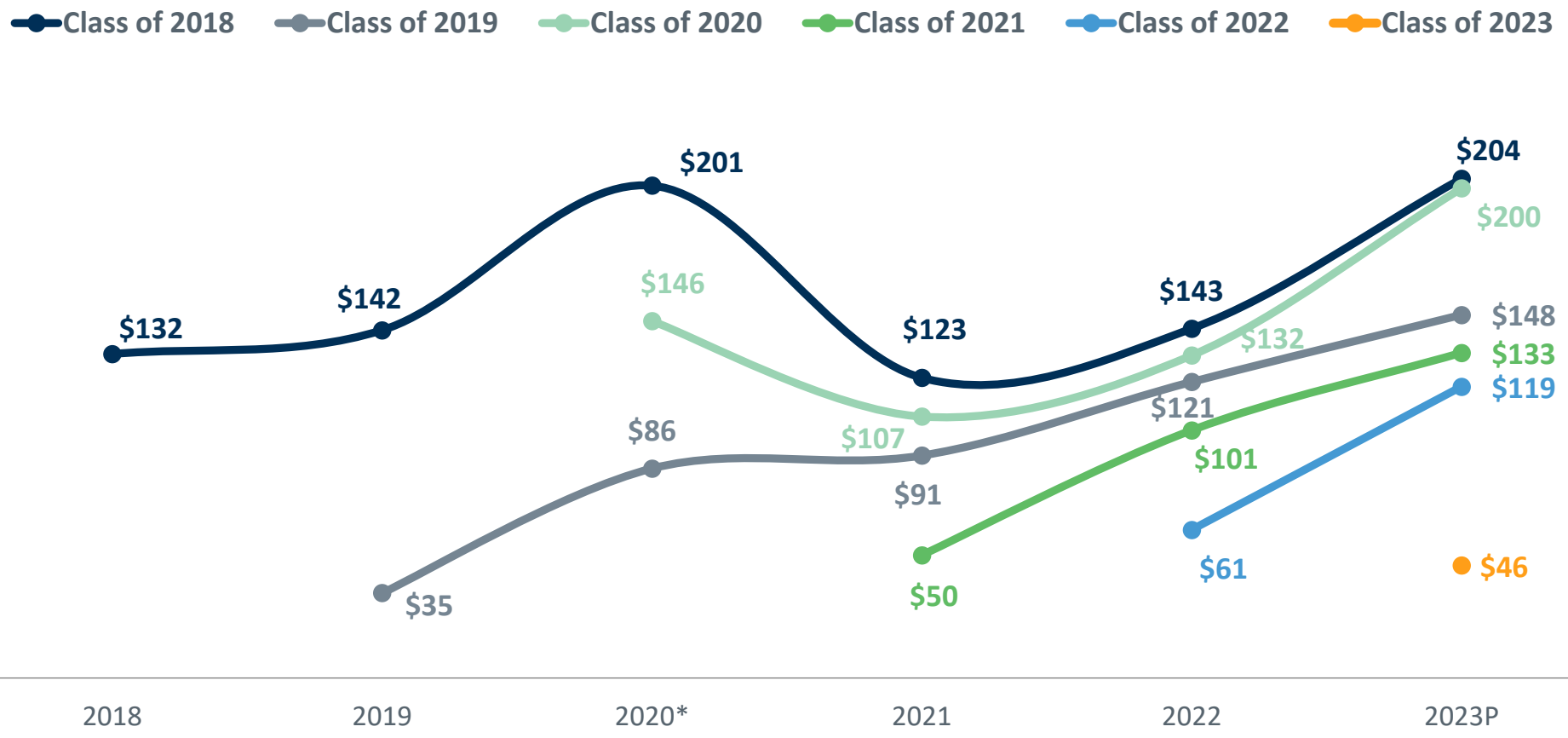
~50% of Medical Margin Reinvested Into Local Primary Care

Note 1: Reflects incurred results; Note 2: 2020 reflects COVID-19 impact; Note 3: Reflects full allocation of costs to member-level cohorts, including Part D and other (other risk pool, certain health plans with limited data)

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Consistent Medical Margin Progression Across Market Classes

Medical Margin PMPM by Market Class



Membership CAGR by Market Class

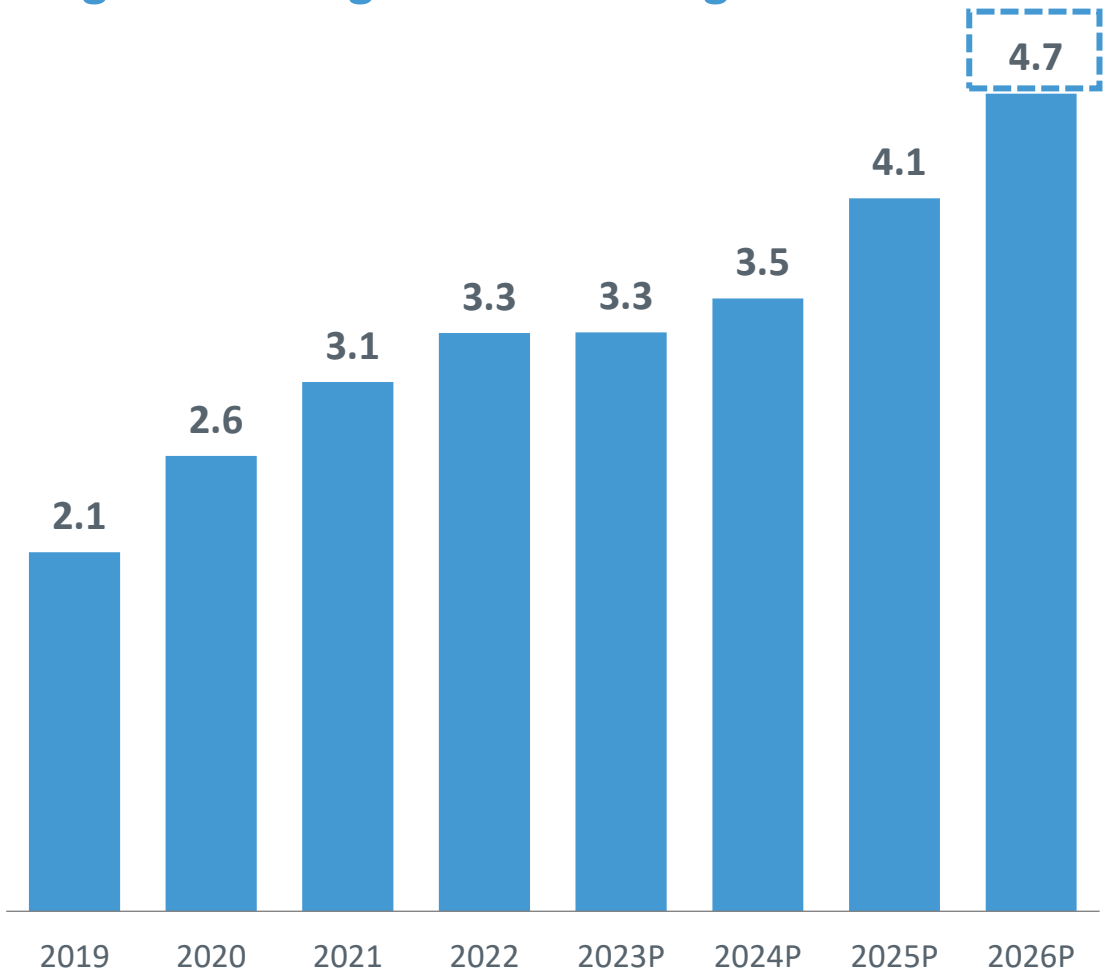
- **2018: 11%**
- **2020: 14%**
- **2019: 23%**
- **2021: 11%**
- **2022: 13%**

Note 1: 2020 reflects COVID-19 impact; Note 2: Reflects full allocation of costs, including Part D and other (other risk pool, certain health plans with limited data)

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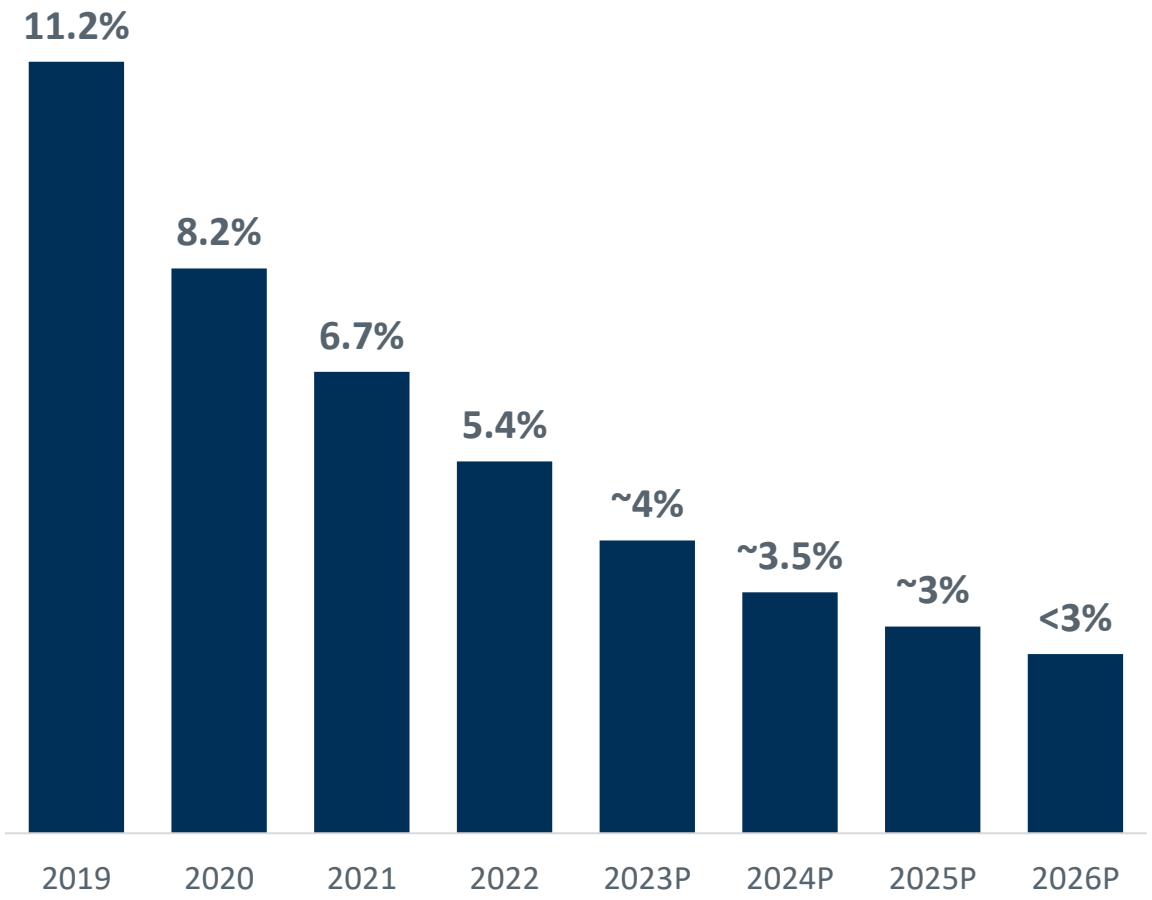
Member Vintage & Operating Leverage Support Margins Gains

Weighted Average Market Vintage



Platform Support Leverage

(% of Total Revenue)

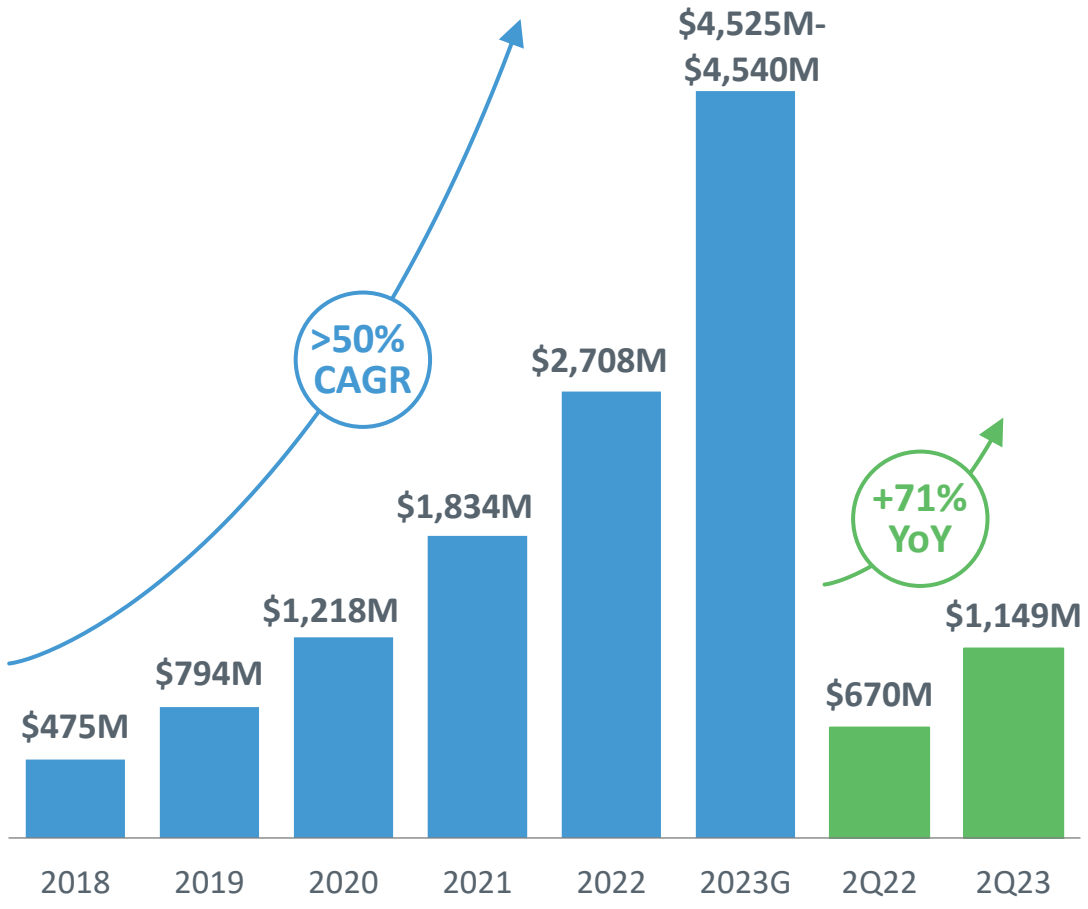


Note: Guidance and projections are approximations around the midpoint

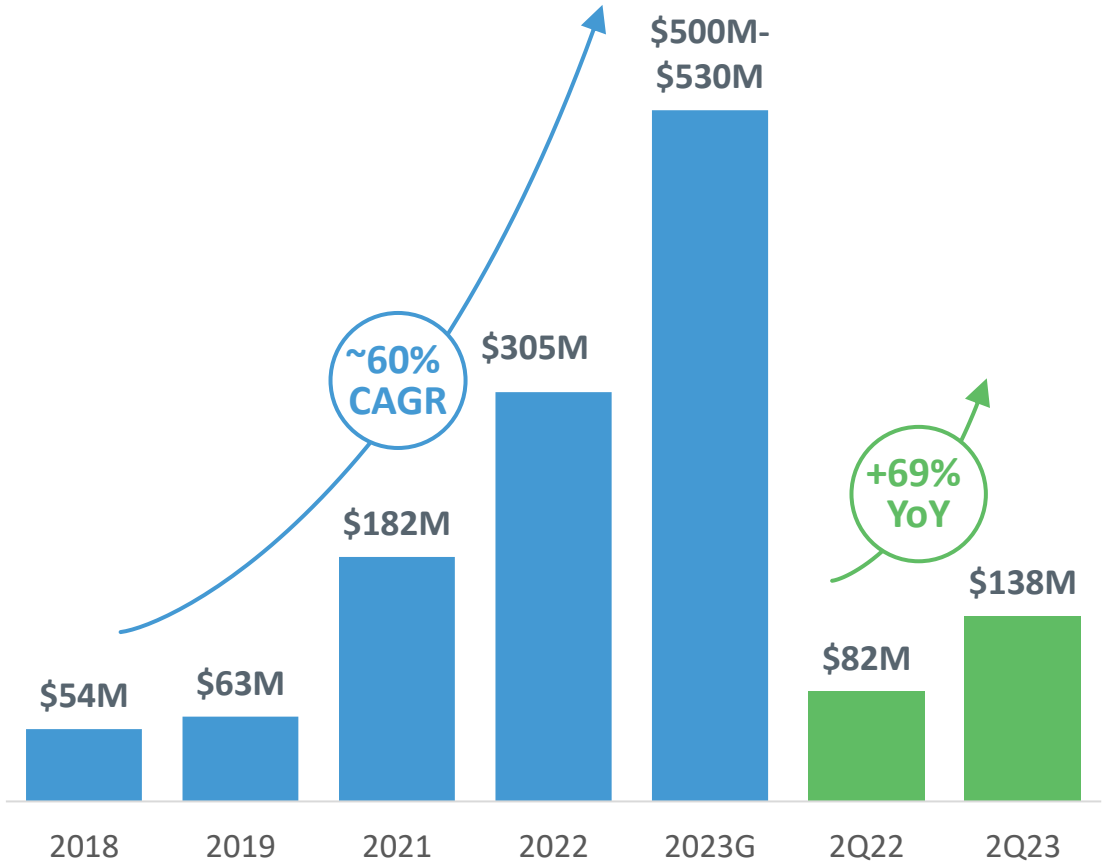
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Inflecting Revenue Growth and Margins

Revenue



Medical Margin



Note: Medical Margin progression excludes the 2020 period due to the impact of COVID

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Balance Sheet Capital Deployment

Expect to Generate Positive Cash from Operations in 2024

Balance Sheet & Cash Flow



~$600M of cash and marketable securities as of June 30, 2023



Anticipate significant cash flow generation 2024+

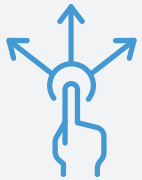


Independent of external funding for achieving growth

Capital Deployment Priorities



Increased PCP capacity and enhanced quality of physician network



Investments in platform, encompassing technological and clinical advancements



Enhance capabilities via internal investments or targeted acquisitions

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Appendix

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Financial Outlook for 3Q 2023 and Fiscal Year 2023

	Quarter Ending September 30, 2023	Year Ending December 31, 2023
Medicare Advantage Members	410,000 – 413,000	412,000 – 415,000
ACO REACH Members	85,000 – 90,000	85,000 – 90,000
Total Members Live on Platform	495,000– 503,000	497,000-505,000
Avg. Medicare Advantage Members	413,000– 416,000	409,000– 410,000
Total Revenues ($M)	$1,130-$1,140	$4,525-$4,540
Medical Margin ($M)	$110-$125	$500-$530
Adjusted EBITDA ($M)	($8) – $0	$0 – $23
Geography Entry Costs ($M)	$22 – $20	$75 – $68

Note: 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.

Non-GAAP Reconciliations

ADJUSTED EBITDA

(Dollars in thousands)	Year Ended December 31,				
	2022	2021	2020	2019	2018
Net income (loss)[1]	($106,864)	($406,787)	($60,052)	($282,588)	($146,926)
(Income) loss from discontinued operations, net of income taxes	(465)	1,303	(3,156)	168,285	65,338
Interest expense	4,525	6,146	8,135	9,068	9,839
Income tax expense (benefit)	1,640	886	865	(232)	(113)
Depreciation and amortization	13,772	14,544	13,531	12,253	11,385
(Gain) loss on lease terminations	5,458	—	—	—	—
Severance and related costs[2]	2,470	12,861	4,009	3,675	3,036
Management fees[3]	—	433	1,530	1,885	1,755
Stock-based compensation expense	28,381	292,394	6,472	4,399	2,950
EBITDA adjustment related to equity method investments	3,737	1,736	—	—	—
Other[4]	(16,144)	5,293	7,393	16,757	15,578
Adjusted EBITDA	($63,490)	($71,191)	($21,273)	($66,498)	($37,158)

1) Includes direct geography entry costs, including investments to develop and expand our platform and costs in geographies that are in implementation and are not yet generating revenue and investments to grow existing markets. For the years ended December 30, 2022, 2021, 2020, 2019 and 2018, (i) $23.9 million, $12.0 million, $8.9 million , $2.9 million and $2.2 million, respectively, are included in other medical expenses and (ii) $43.9 million, $20.6 million, $17.9 million, $6.9 million, and $2.7 million respectively, are included in general and administrative expenses.

2) For the years ended December 31, 2022 and 2021, includes taxes and related costs on stock option exercises for departed executives of $2.0 million and $5.4 million, respectively.

3) Represents management fees and other expenses paid to CD&R prior to our IPO. In connection with our initial public offering, we terminated our consulting agreement with CD&R, effective April 16, 2021. We were not charged a fee in connection with the termination of this agreement.

4) Includes interest income and non-cash accruals for unasserted claims and contingent liabilities.

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Non-GAAP Reconciliations

Medical Margin

(Dollars in thousands)	Year Ended December 31,				Three Months Ended June 30,	
	2022	2021	2019	2018	2023	2022
Gross profit[1]	$ 112,286	$ 76,413	$ 28,511	$ 28,066	$ 57,193	$ 33,914
Other operating revenue	(3,815)	(3,824)	(5,845)	(8,215)	(2,008)	(950)
Other medical expenses	196,127	109,487	40,526	34,092	83,125	49,080
Medical margin	$304,598	$182,076	$63,192	$53,943	$138,310	$82,044

1) Gross profit is defined as total revenues less medical services expenses and other medical expense.

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