Bright Health Group

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Second Quarter 2023 – Earnings Presentation

August 9, 2023

Disclaimer

Statements made in this presentation that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements and should be evaluated as such. Forward-looking statements include information concerning possible or assumed future results of operations, including descriptions of our business plan and strategies. These statements often include words such as “anticipate,” “expect,” “plan,” “believe,” “intend,” “project,” “forecast,” “estimates,” “projections,” “outlook,” “ensure,” and other similar expressions. These forward-looking statements include any statements regarding our plans and expectations with respect to Bright Health Group, Inc. Such forward-looking statements are subject to various risks, uncertainties and assumptions. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Factors that might materially affect such forward-looking statements include: our ability to continue as a going concern; our ability to comply with the terms of our credit facilities, including financial covenants, both during and after any applicable waiver period, and/or obtain any additional waivers of any terms of our credit facilities to the extent required; our ability to sell our Medicare Advantage business in California on acceptable terms, including our ability to receive the proceeds thereof in a manner that would alleviate our current financial position; the failure to satisfy or obtain any waiver, if applicable, of any closing condition in our agreement to sell our Medicare Advantage business in California to Molina (the “Purchase Agreement”); our ability to comply with the terms of the Purchase Agreement; whether our new credit facility will satisfy our working capital needs pending the closing of our sale of our Medicare Advantage business in California; our ability to obtain any additional short or long term debt or equity financing needed to operate our business; our ability to quickly and efficiently wind down our IFP businesses and MA businesses outside of California, including by satisfying liabilities of those businesses when due and payable; potential disruptions to our business due to our corporate restructuring and resulting headcount reduction; our ability to accurately estimate and effectively manage the costs relating to changes in our businesses offerings and models; a delay or inability to withdraw regulated capital from our subsidiaries; a lack of acceptance or slow adoption of our business model; our ability to retain existing consumers and add new consumers; our and our Care Partner’s abilities to obtain and accurately assess, code, and report risk adjustment factor scores; our ability to contract with care providers and arrange for the provision of quality care; our ability to accurately estimate our medical expenses, effectively manage our costs and claims liabilities or appropriately price our products and charge premiums; our ability to obtain claims information timely and accurately; the impact of the ongoing COVID-19 pandemic on our business and results of operations; the risks associated with our reliance on third-party providers to operate our business; the impact of modifications or changes to the U.S. health insurance markets; our ability to manage the growth of our business; our ability to operate, update or implement our technology platform and other information technology systems; our ability to retain key executives; our ability to successfully pursue acquisitions and integrate acquired businesses; the occurrence of severe weather events, catastrophic health events, natural or man-made disasters, and social and political conditions or civil unrest; our ability to prevent and contain data security incidents and the impact of data security incidents on our members, patients, employees and financial results; our ability to comply with requirements to maintain effective internal controls; our ability to adapt to the new risks associated with our expansion into REACH ACOs; and the other factors set forth under the heading “Risk Factors” in the Company’s reports on Form 10-K, Form 10-Q, and Form 8-K (including all amendments to those reports) and our other filings with the SEC. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this release to conform these statements to actual results or changes in our expectations.

Bright Health Group: A Value-Driven Healthcare Company

Focused on Serving Aging and Underserved Consumers through a Value-Driven Care Model

Consumer Care

Value-driven care delivery and provider enablement partnering with leading health plans and government programs to deliver improved care to consumers

2023 Forecasts:

$1.15 Billion +	335-355k
Value-Based Revenue	**Value-Based Consumers(1)**

centrum HEALTH

NeueHealth™

PREMIER MEDICAL ASSOCIATES

ASSOCIATESMD

Care Delivery

Comprehensive community-based care delivery with wrap around care management and care coordination

2023 Forecasts:

$250 Million +	275-295k
Value-Based Revenue	**Value-Based Consumers(1)**

Care Solutions

Provider enablement, population health, and REACH ACOs

2023 Forecasts:

$900 Million +	~60k
Value-Based Revenue	**Year-end REACH ACO Consumers**

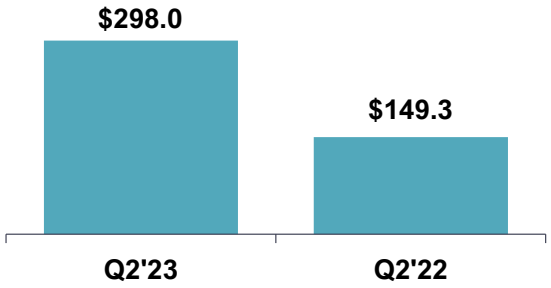
(1) End of year 2023, inclusive of Medicare Advantage, Medicare Reach ACO, Medicaid and Commercial ACA consumers.

Overview of Q2 2023 Results for Continuing Operations

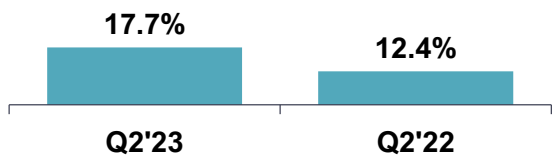
Q2’23 Revenue growth and Adjusted EBITDA performance show continued strength of Consumer Care business

Enterprise Metrics ($M)

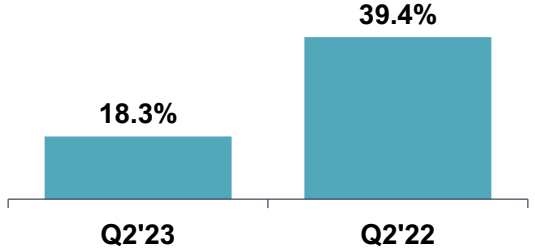
Revenue



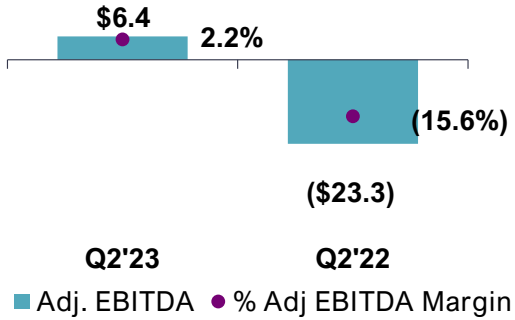
Gross Margin



Adj. Operating Cost Ratio(1)



Adjusted EBITDA(2)



Key Considerations

- Q2’23 Value-based consumers and REACH ACO consumers of 371k grew 214% compared to 118k in Q2’22 (excluding BHC consumers)
  - 305k consumers in the Care Delivery segment and 65k REACH ACO consumers in Q2’23
- Bright Health Group Revenue growth of 100% in Q2’23 reflects new value-based consumers served added through external payor partnerships and growth of the REACH ACOs
- Strong Gross Margin performance combined with operating cost leverage and expense controls to drive Q2’23 Adjusted EBITDA profitability
- Loss from discontinued operations was ($56.9) million in Q2’23, reflecting solid performance in the California Medicare Advantage business partially offset by settlement activity in the wind down of the ACA Marketplace business
  - ACA Marketplace claims experience was approximately 95% complete as of June 30, 2023, which, combined with the final risk adjustment data from CMS, means we believe the business is approaching a fixed and certain number for the final obligations

(1) GAAP Operating Cost Ratio for Q2’23 was 23.6%, and for Q2’22 was 52.9%. A reconciliation of Adjusted Operating Cost Ratio to Operating Costs for applicable periods is contained in the appendix to this presentation

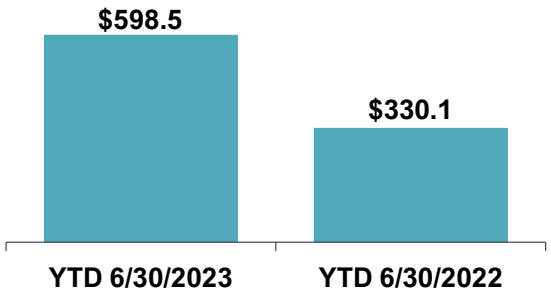
(2) GAAP Net Loss for Q2’23 was ($88.6) million, and for Q1’22 was ($251.3) million. A reconciliation of Adjusted EBITDA to Net Loss for applicable periods is contained in the appendix to this presentation

Overview of Year-to-Date 2023 Results for Continuing Operations

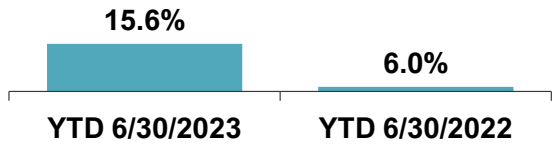
Year-to-Date results reflect strong revenue growth and Adjusted EBITDA profitability

Enterprise Metrics ($M)

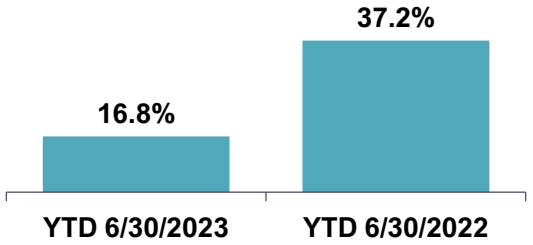
Revenue



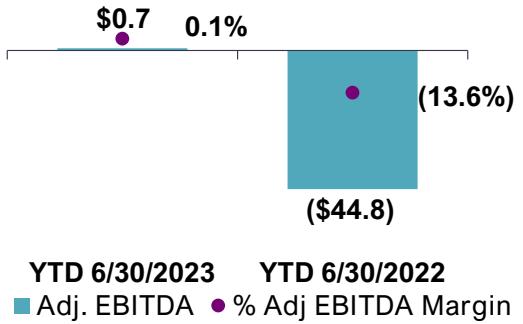
Gross Margin



Adj. Operating Cost Ratio(1)



Adjusted EBITDA(2)



Key Considerations

- Bright Health Group Revenue growth of 81% for the six months ended June 30, 2023 reflecting new value-based consumers served added through external payor partnerships and growth of the REACH ACOs
- Bright Health Group Adjusted EBITDA was positive for the six months ended June 30, 2023 on gross margin improvement and operating cost leverage compared to the prior year
- Loss from discontinued operations was ($172.5) million in the six months ended June 30, 2023, reflecting settlement activity and administrative costs required to wind down the ACA Marketplace business

(1) GAAP Operating Cost Ratio for YTD 2023 was 25.0%, and for YTD 2022 was 53.3%. A reconciliation of Adjusted Operating Cost Ratio to Operating Costs for applicable periods is contained in the appendix to this presentation

(2) GAAP Net Loss for YTD 2023 was ($258.1) million, and for YTD 2022 was ($432.0) million. A reconciliation of Adjusted EBITDA to Net Loss for applicable periods is contained in the appendix to this presentation

Balance Sheet and Liquidity Highlights

Focused on Building a Strong Foundation for Long-Term Sustainable Growth

Summary Balance Sheet

($ in thousands)	June 30, 2023	December 31, 2022
Assets		
Cash and Cash Equivalents	$107,660	$217,006
Current Assets of Discontinued Operations	$3,030,870	$3,187,464
Other Current Assets	712,596	166,164
Total Current Assets	$3,851,126	$3,570,634
Long-Term Investments	$344	$5,401
Goodwill and Intangibles, Net	500,469	506,337
Other Non-Current Assets	41,214	582,680
Total Other Assets	$542,027	$1,094,418
Total Assets	**$4,393,153**	**$4,665,052**
Liabilities and Other		
Current Liabilities Discontinued Operations	$2,584,890	$3,157,236
Total Liabilities Continuing Operations	$1,078,991	$568,131
Redeemable Noncontrolling Interests	$244,561	$219,758
Redeemable Preferred Stock	920,417	920,417
Total Shareholders' (Deficit) Equity	(435,706)	(200,490)
Total Liabilities and Other	**$4,393,153**	**$4,665,052**

Q2'23 Key Considerations

- ~$2.4 billion in total cash and investments, including $108.2 million of non-regulated cash and short-term investments
- $350 million credit facility had $303.9 million borrowed and $30.7 million undrawn letters of credit supporting NeueHealth's participation in CMS's ACO REACH model as of June 30
- Announced definitive agreement to sell California Medicare Advantage Business on June 30, 2023 for $600 million
- $60 million new credit facility with NEA and permanent waiver of default on existing credit facility announced August 7

Bright Health 2023 Outlook

Maintaining Forecast for Adjusted EBITDA Profitability in 2023

Bright Health Group

- Revenue of $1.15 – $1.20 Billion
- Adjusted Operating Cost Ratio 17.5-18.5%[(1)(2)]
- Adjusted EBITDA Profitable[(1)]

Care Delivery

- 275,000 to 295,000 Year-End 2023 Value-Based Consumers
- Revenue of $250 – $275 Million

Care Solutions

- ~60,000 Year-End REACH ACO Consumers
- Revenue of $900 Million – $925 Million

(1) Adjusted Operating Cost Ratio and Adjusted EBITDA are forward-looking non-GAAP financial measures. Reconciliations of Adjusted Operating Cost Ratio and Adjusted EBITDA to the most directly comparable GAAP financial measures are not provided because the company is unable to provide such reconciliations without unreasonable effort. Please see the appendix to this presentation for important information about the use of these non-GAAP financial measures and the absence of such reconciliations.

(2) Adjusted Operating Cost Ratio excludes share-based compensation expense.

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Appendix

Non-GAAP Reconciliation: Adjusted EBITDA

Adjusted EBITDA

($ in thousands)	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net Loss	**($88,627)**	**($251,328)**	**($258,088)**	**($431,959)**
Loss from discontinued operations	56,935	176,568	172,478	235,619
EBITDA adjustments from continuing operations				
Interest expense	9,170	337	16,957	1,530
Income tax benefit (expense)	(892)	2,904	367	12,885
Transaction costs	8,096	271	9,948	382
Depreciation and amortization	4,671	8,276	10,154	16,336
Share-based compensation expense	15,775	20,220	49,095	53,141
Restructuring costs	1,285	2,793	1,586	9,657
Termination and other exit costs	--	500	--	500
Change in fair value of contingent consideration	--	--	(1,827)	--
Change in fair value of equity securities	--	16,184	--	57,151
EBITDA adjustments from continuing operations	38,105	51,485	86,280	151,582
Adjusted EBITDA – continuing operations	**$6,413**	**($23,277)**	**$670**	**($44,758)**

Non-GAAP Reconciliation: Adjusted Operating Cost Ratio

Adjusted Operating Cost Ratio

($ in thousands)	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
GAAP Operating Cost Ratio	**23.6%**	**52.9%**	**25.0%**	**53.3%**
Impact of Share-based compensation expense	(5.3%)	(13.5%)	(8.2%)	(16.1%)
Adjusted Operating Cost Ratio[1]	**18.3%**	**39.4%**	**16.8%**	**37.2%**

(1) The Three Months Ended June 30 and the Six Months Ended June 30 are higher by 3.9% and 5.5%, respectively, due to the impacts of income (loss) driven from unrealized gains and losses on equity securities and realized gains and losses on sales of investments.

Forward-Looking Non-GAAP Measures

This presentation contains Adjusted EBITDA and Adjusted Operating Cost Ratio, which are non-GAAP financial measures. These non-GAAP financial measures are additions, and not substitutes for or superior to the most directly comparable GAAP financial measures, Net Income (Loss) and Operating Costs, respectively. Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow available for management's discretionary use as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. The presentation of these measures has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Because not all companies use identical calculations, the presentation of these measures may not be comparable to other similarly titled measures of other companies and can differ significantly from company to company.

Reconciliations of projected Adjusted EBITDA and projected Adjusted Operating Cost Ratio to the most directly comparable GAAP financial measures are not provided because the Company is unable to provide such reconciliations without unreasonable effort. The inability to provide a reconciliation is due to the uncertainty and inherent difficulty predicting the occurrence, the financial impact and the periods in which the non-GAAP adjustments may be recognized. With respect to Adjusted EBITDA, these GAAP measures may include the impact of such items as interest expense, income tax expense, transaction costs, depreciation and amortization, share-based compensation expense, impairment of goodwill or intangible assets, restructuring costs, contract termination costs, changes in the fair value of contingent consideration, changes in the fair value of equity securities; and the tax effect of all such items. Historically, the Company has excluded these items from non-GAAP financial measures. With respect to Adjusted Operating Cost Ratio, these GAAP measures may include the impact of share-based compensation. The Company currently expects to continue to exclude these items in future disclosures of non-GAAP financial measures and may also exclude other items that may arise (collectively, "non-GAAP adjustments"). The decisions and events that typically lead to the recognition of non-GAAP adjustments, such as a decision to exit part of the business, are inherently unpredictable as to if or when they may occur. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could be material to future results.