

Q2 2022 Financial Results

Conference Call Slides



eHealth[®]

August 8, 2022

Safe Harbor Statement

Forward-Looking Statements

This presentation includes forward-looking statements within the meaning of the federal securities laws. Forward-looking statements generally relate to future events or our future financial or operating performance. Forward-looking statements in this presentation include, but are not limited to, the following: our annual enrollment opportunity; our operational focus in 2022, including our expectations related to changes in our operating plan; our expectations relating to our cost savings initiatives; our expected cash collections for Medicare Advantage plans; our estimated memberships; trends in our enrollment growth; our long-term opportunities for profitable growth; and our 2022 annual guidance for total revenue, GAAP net loss, adjusted EBITDA, and total cash outflow. Our expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include those set forth in our filings with the Securities and Exchange Commission, including our latest Form 10-Q and 10-K. The forward-looking statements in this presentation are based on information available to us as of today, and we disclaim any obligation to update any forward-looking statements, except as required by law.

Non-GAAP Information

This presentation includes both GAAP and non-GAAP financial measures. The presentation of non-GAAP financial information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. A reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable GAAP financial measures is available in the Appendix to this presentation. Management uses both GAAP and non-GAAP information in evaluating and operating its business internally and as such has determined that it is important to provide this information to investors.

Q2 2022 Summary

- Our Medicare and IFP businesses continue to provide significant value to beneficiaries and carriers.
- Core operational results exceeded internal expectations driven primarily by better-than-expected Medicare call conversion rates.
 - At the same time, telephonic conversion rate declined year-over-year reflecting changes to the enrollment process implemented in July of '21 to emphasize enrollment quality and retention.
- Progress in implementing the cost savings program:
 - Significant year-over-year reduction in variable costs reflects a more targeted allocation of marketing budget and a corresponding reduction in agent headcount.
 - Fixed cost reductions underway.
- Q2 results reflect negative revenue adjustment of \$8.7MM driven primarily by higher-than-expected lapses within Medicare cohorts enrolled during the first half of 2021.
- Favorable retention dynamics on the newer Medicare Advantage cohorts enrolled after the enrollment quality initiatives were introduced in July of '21. Significant improvement in quality metrics – CTMs.

Cost Savings Initiatives Update

- **We are on track to deliver more than \$60 million in cost savings year-over-year.**

Fixed Costs

- Q2 '22 Technology & Content and G&A costs combined declined \$3.6MM year-over-year.
- Savings achieved through vendor contract rationalization, targeted workforce reduction and other measures of cost discipline.
- Positive impact will be magnified on a full-year basis.
- Further measures are in the works including reduction in real estate footprint and becoming a virtual-first workplace.

Variable Costs

- Q2 '22 marketing spend was down 33% and call center costs down 24% year-over-year for a combined reduction of \$23.8MM vs. Q2 '21.
- Reduced marketing investment for 2H '22 relative to original operating plan, reflecting increased emphasis on member profitability vs. enrollment growth. Made corresponding adjustment to agent hiring plans.
- Expect to generate similar levels of profitability, net of the negative revenue adjustment, on lower enrollment volumes vs. prior plan, as reflected in revised outlook for the full year 2022.

Q2 2022 Financial Highlights

Q2 '22 results reflect reduction in variable marketing and agent-related costs combined with year-over-year decline in telesales conversion rates.

Cost savings initiatives led to a 25% sequential decrease in marketing cost per approved Medicare member.



Q2 2022 revenue was \$50.4MM; excluding negative tail revenue of \$8.7MM, revenue was \$59.1MM



Total Medicare approved members declined by 35% year-over-year



Unassisted online submissions for Medicare Advantage grew 15% compared to Q2 '21



Q2 2022 net loss was (\$37.5)MM and Q2 '22 adjusted EBITDA⁽¹⁾ was (\$33.3)MM; excluding negative tail revenue, net loss was (\$28.8)MM, adjusted EBITDA was (\$24.6)MM

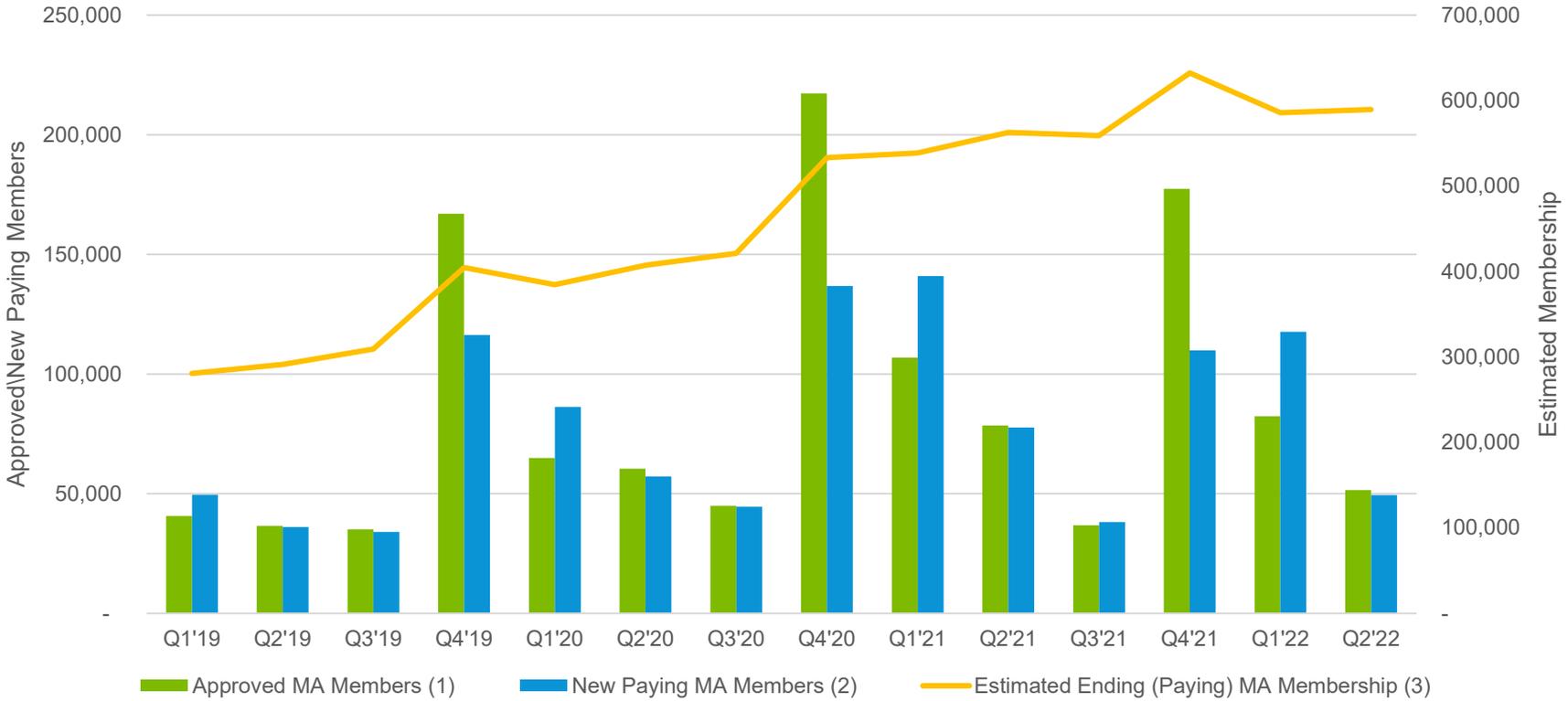


Estimated commission generating Medicare Advantage membership of 590K grew 5% year-over-year



Medicare Advantage LTV of \$886 decreased 2% year-over-year from \$908 in Q2 2021

eHealth MA Membership



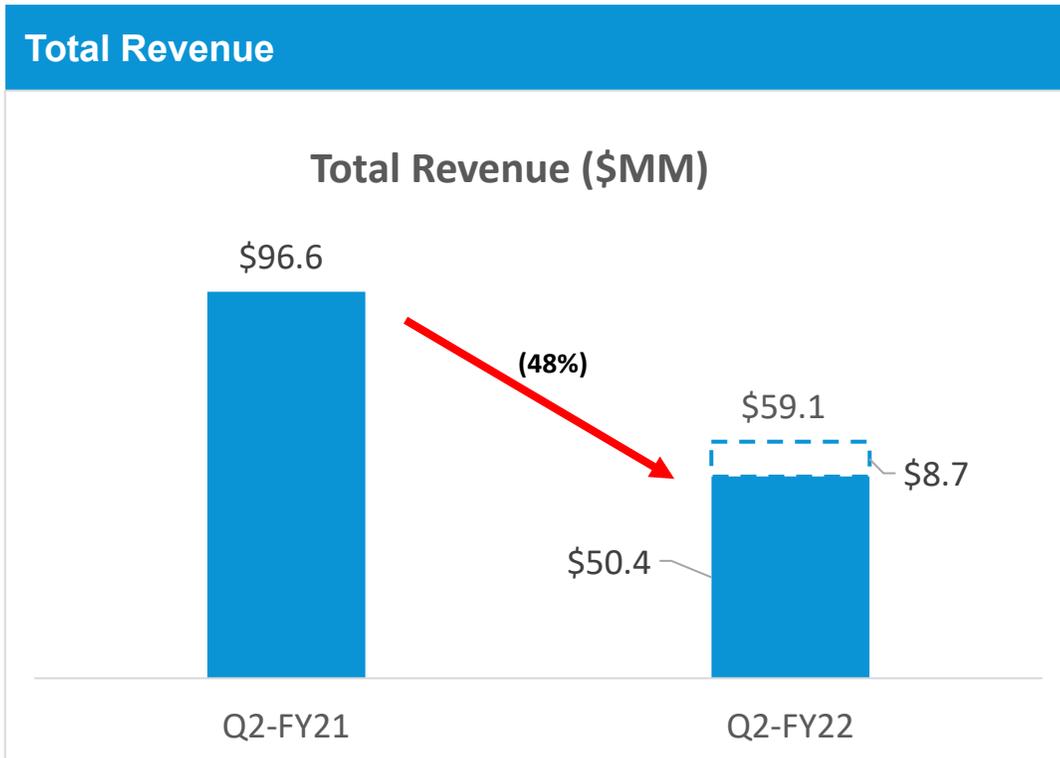
Q2 2022 estimated ending paying MA membership increased by 5% year-over-year.

Paying policies with effective date of Jan 1, 2022 (last AEP enrollments) continue to demonstrate persistency through the first six months of enrollment that is higher than comparable cohorts with effective date of Jan 1, 2021.



(1) Approved MA members consist of the number of individuals on submitted applications that were approved by the relevant insurance carrier for the identified product during the period presented. Approved members may not pay for their plan and become paying members.
 (2) New Paying MA Members consist of approved members from the period presented and any periods prior to the period presented from whom we have received an initial commission payment during the period presented.
 (3) Estimated Ending (Paying) MA Membership is the number of members we estimate as of the end of the period. Membership is estimated using the methodology described in our periodic filings with the Securities and Exchange Commission.

Q2 2022 Total Revenue



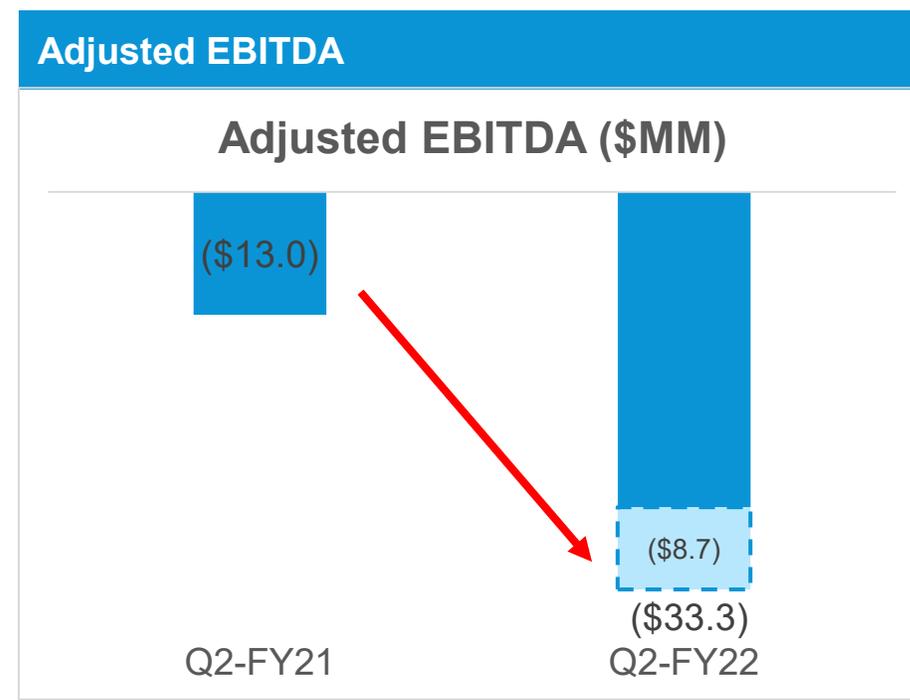
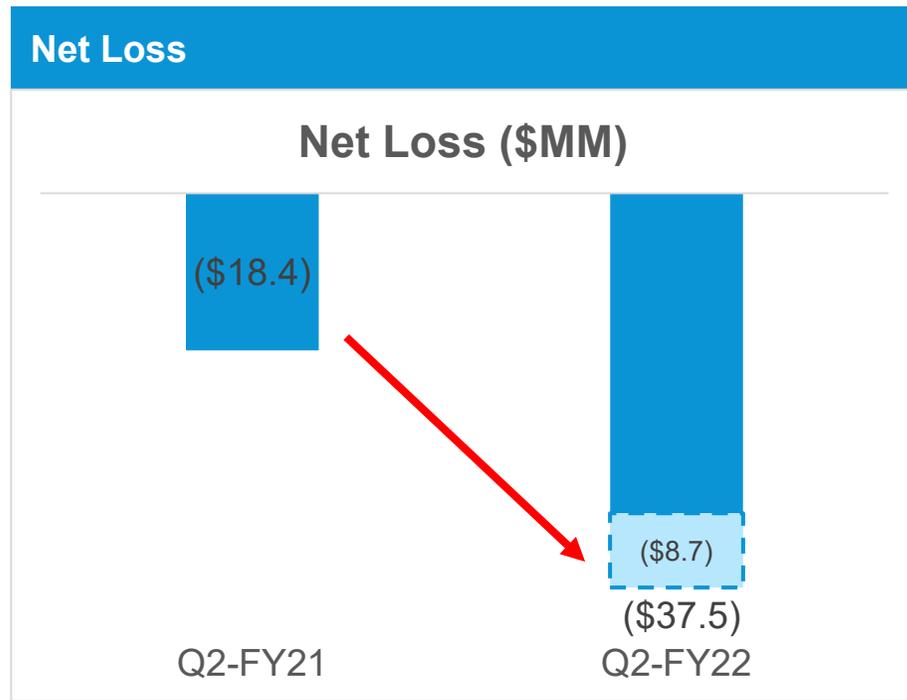
Total revenue declined 48% on a year-over-year basis due primarily to a \$28.0 million decrease in in-period Medicare commission revenue.



Q2 '22 results were also impacted by the negative tail revenue from prior enrollments. Excluding the impact of the \$(8.7) million tail revenue, total Q2 '22 revenue was \$59.1 million, a decline of 39% year-over year.

Q2 2022 Net Loss and Adj. EBITDA⁽¹⁾

Q2 2022 Net Loss and Adjusted EBITDA include the impact of a \$8.7 million negative revenue adjustment. Excluding the impact of the adjustment, Q2 2022 Net Loss was (\$28.8) million and Adjusted EBITDA was (\$24.6) million.

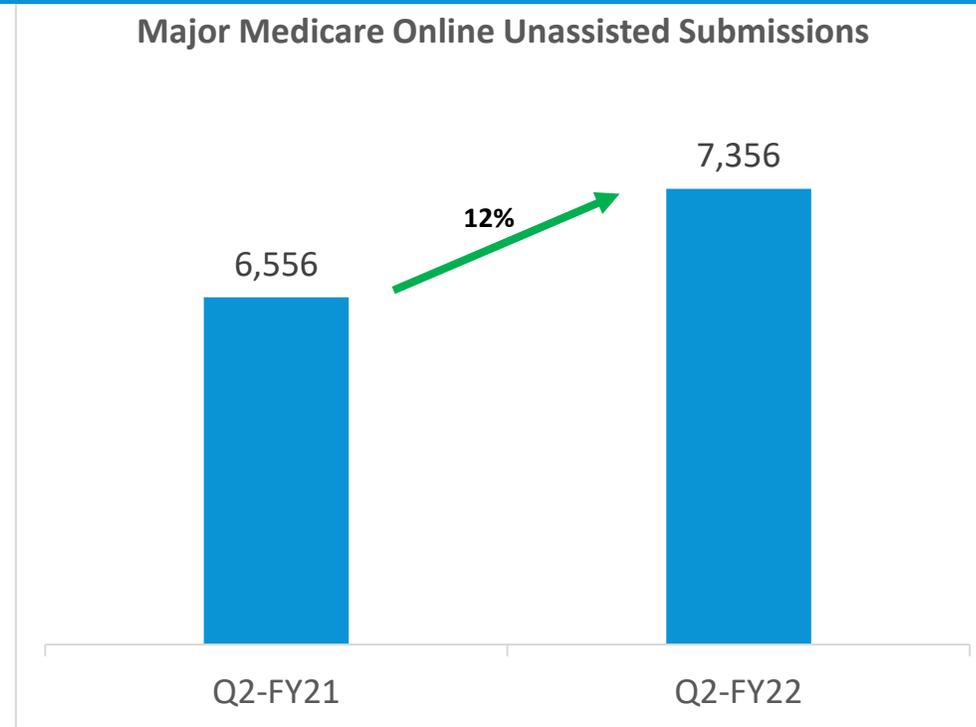


Q2 2022 Major Medicare Online Unassisted Applications

Online business continues to generate enrollment growth despite the reduction in variable marketing expense across our lead generation channels.

13.4% of major Medicare submissions were online unassisted in Q2 2022 compared to 7.1% in Q2 2021.

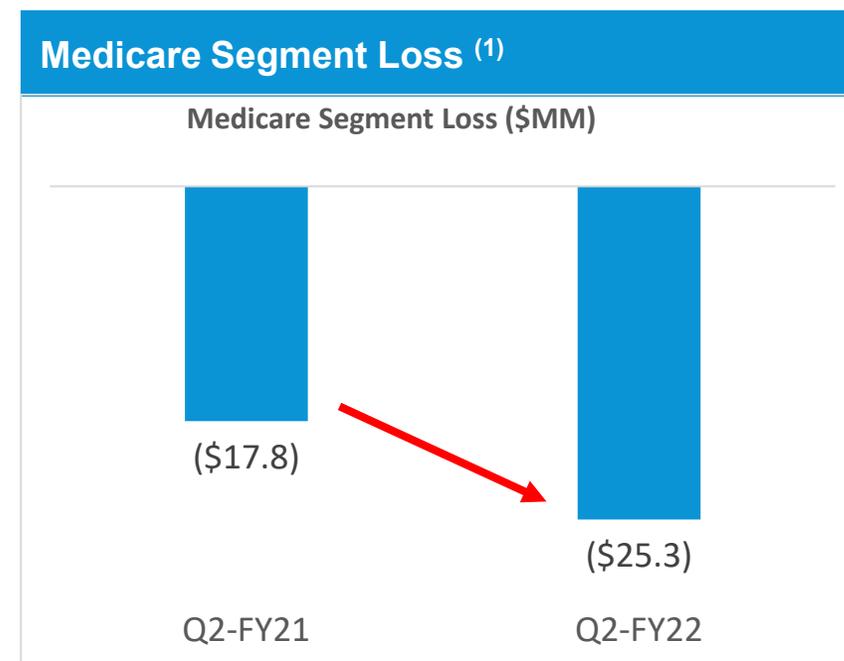
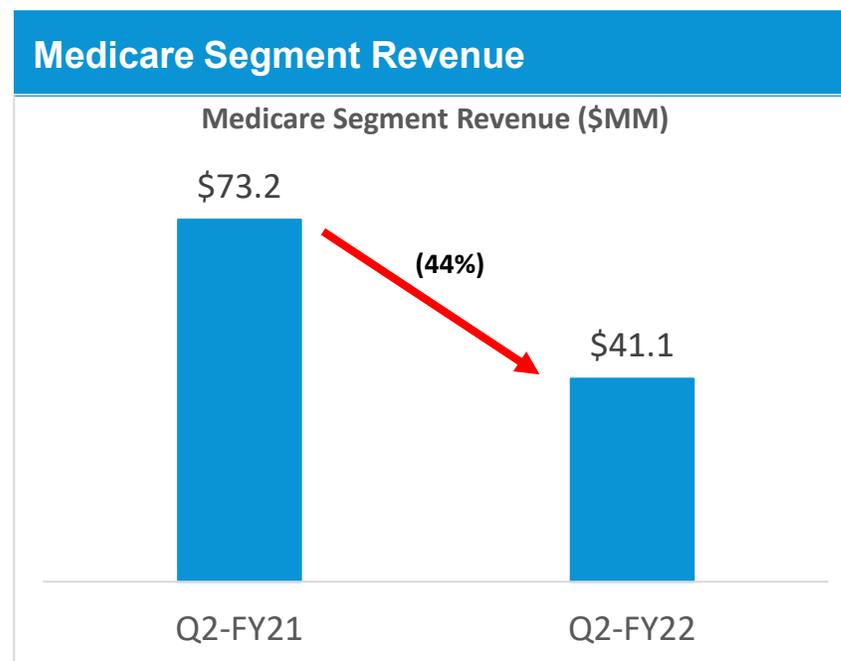
Major Medicare Online Unassisted Submissions



Q2 2022 Medicare Segment Revenue and Loss

Medicare Segment revenue declined due to a reduction in approved members as we temporarily pulled back on variable acquisition spend in '22 and also reflecting lower call conversion rates vs. Q2 '21.

Medicare commission revenue also reflects a (\$10.8) million of negative tail revenue within this segment.

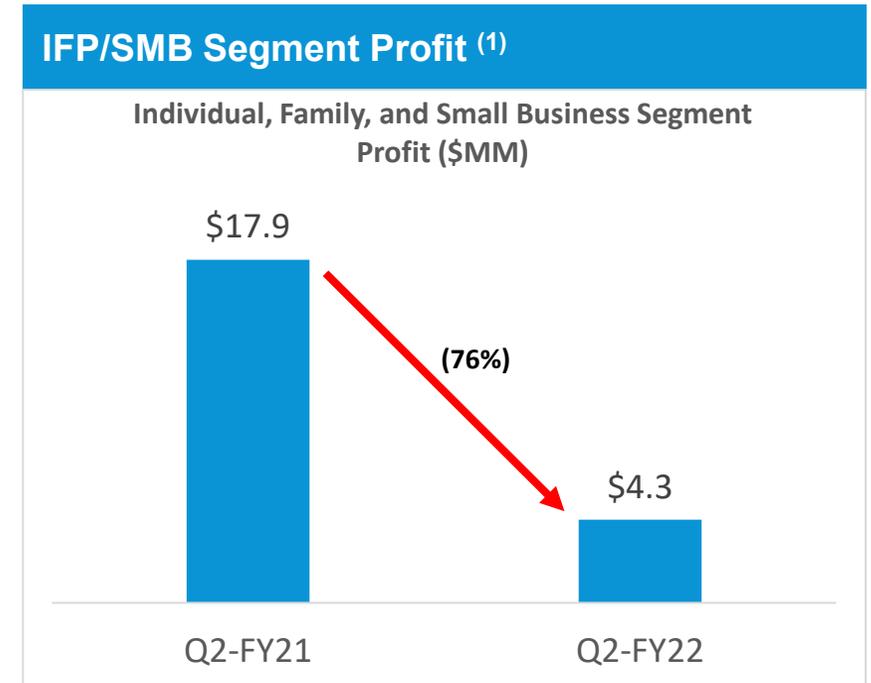
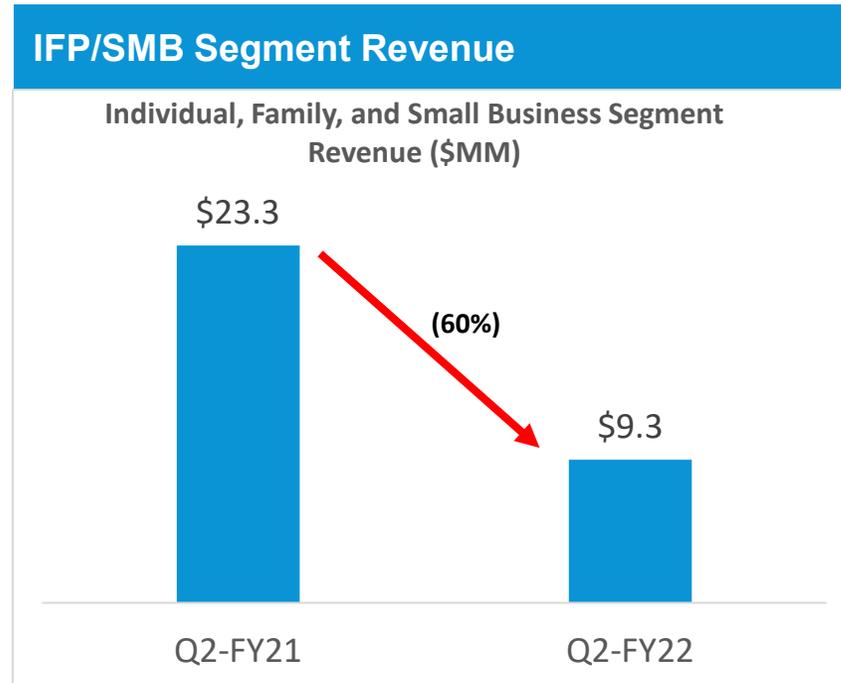


(1) Segment loss is calculated as revenue for the applicable segment less marketing and advertising, customer care and enrollment, technology and content and general and administrative operating expenses, excluding stock-based compensation expense, depreciation and amortization, restructuring and reorganization charges, and amortization of intangible assets, that are directly attributable to the applicable segment and other indirect marketing and advertising, customer care and enrollment and technology and content operating expenses, excluding stock-based compensation expense, depreciation and amortization, restructuring and reorganization charges, and amortization of intangible assets, allocated to the applicable segment based on usage.

Q2 2022 IFP/SMB Segment Revenue and Profit

IFP/SMB Revenue and Segment Profit declined compared to Q2 2022 due primarily to lower IFP/SMB tail revenue – a \$13.7M year-over-year decline after recording \$15.8M tail revenue in Q2 '21.

IFP enrollments were also down year-over-year partially offset by another quarter of double-digit % increases in LTVs of individual products.

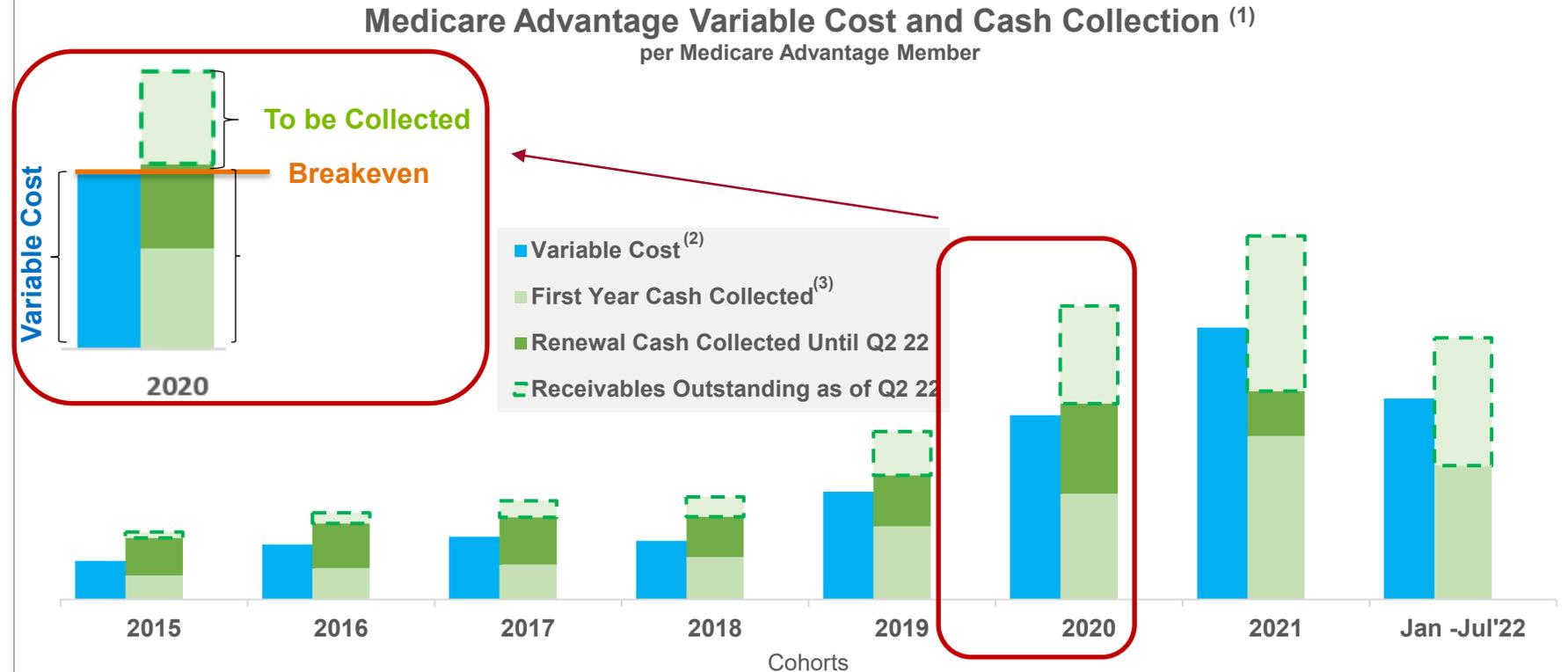


(1) Segment profit is calculated as revenue for the applicable segment less marketing and advertising, customer care and enrollment, technology and content and general and administrative operating expenses, excluding stock-based compensation expense, depreciation and amortization, restructuring and reorganization charges, and amortization of intangible assets, that are directly attributable to the applicable segment and other indirect marketing and advertising, customer care and enrollment and technology and content operating expenses, excluding stock-based compensation expense, depreciation and amortization, restructuring and reorganization charges, and amortization of intangible assets, allocated to the applicable segment based on usage.

Medicare Advantage Variable Cost and Cash Collection

2020 MA cohorts have achieved break even, i.e., the upfront acquisition cost compared to cash collections generated by the cohort to date

These cohorts are now generating positive cash flow as we continue to collect monthly renewal payments.

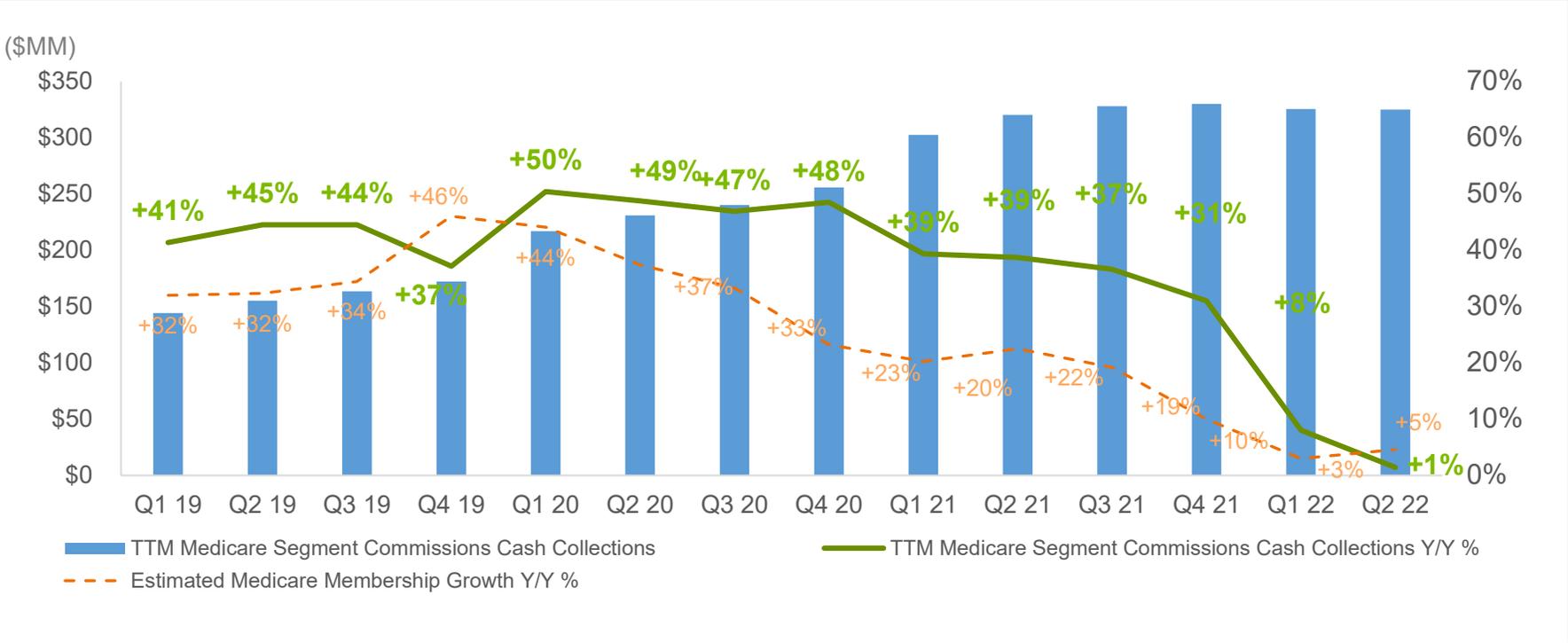


(1) Medicare Advantage (MA) variable cost and cash collections are grouped by member cohorts based on policy effective date.
 (2) Variable cost includes variable marketing and customer care & enrollment costs allocated to the MA members.
 (3) Cash collected are commissions for MA members. For the first year, it also includes non-commission revenue allocated to the MA product.

Trailing Twelve Months (“TTM”) Medicare Segment Commissions Cash Collections

Q2 2022 TTM Medicare Segment commissions cash collections of \$323.5 million increased by 1% year-over-year.

TTM Medicare Segment Commissions Cash Collections



(1) MA Equivalent member is calculated as the total number of estimated Medicare Advantage and Medicare Supplement membership and 25% of the estimated Medicare Part D membership during the period presented.

Medicare Advantage Plan Member Turnover Trend Since Q1 2020

MA	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Approved Members ⁽¹⁾	64,898	60,477	44,999	217,278	106,884	78,569	36,836	177,469	82,431	51,506
Estimated Beginning (Paying) Membership ⁽²⁾	404,694	384,513	407,243	421,237	533,282	538,716	562,905	559,235	632,574	586,063
New Paying Members ⁽³⁾	86,299	57,232	44,528	136,857	140,997	77,710	38,193	109,927	117,643	49,476
Estimated Ending (Paying) Membership ⁽⁴⁾	384,513 ⁽⁷⁾	407,243	421,237	533,282	538,716	562,905	559,235	632,574	586,063	589,553
Medicare Advantage Plan Member Turnover⁽⁵⁾	106,480	34,502	30,534	24,812	135,563	53,521	41,863	36,588	164,154	45,986
Trailing Twelve Month Member Turnover ⁽⁶⁾	168,996	177,783	192,353	196,328	225,411	244,430	255,759	267,535	296,126	288,591

See footnotes on next page

Medicare Advantage Plan Member Turnover Trend Since Q1 2020 (cont'd)

- (1) Approved members consist of the number of individuals on submitted applications that were approved by the relevant insurance carrier for the identified product during the period presented. Approved members may not pay for their plan and become paying members.
- (2) Estimated Beginning (Paying) Membership is the Estimated Ending Membership for the period prior to the period of estimation. Membership is estimated using the methodology described in our periodic filings with the Securities and Exchange Commission.
- (3) New Paying Members consist of approved members from the period presented and any periods prior to the period presented from whom we have received an initial commission payment during the period presented.
- (4) Estimated Ending (Paying) Membership is the number of members we estimate as of the end of the period. Membership is estimated using the methodology described in our periodic filings with the Securities and Exchange Commission.
- (5) Medicare Advantage Plan Member Turnover for the period is derived as follows: Estimated Beginning Membership plus New Paying Members minus Estimated Ending Membership.
- (6) Trailing Twelve Month Member Turnover is the sum of Medicare Advantage Plan Member Turnover for the prior twelve months.
- (7) Q1'20 is actual membership instead of reported

2022 Operational Priorities

1

Through transformative changes, reduce our cost structure while focusing on operational efficiency and excellence; we expect to return to growth in '23 on a substantially improved cost and operational foundation.

2

Deploy marketing dollars in a way that will drive better economics. This includes optimizing our marketing channel mix to cut lowest ROI initiatives and focus on channels where we hold strong competitive differentiation.

3

Slow down telephonic enrollment growth in '22, while emphasizing agent training and retention initiatives, implement a local market-centric model, and increase the contribution from dedicated carrier arrangements.

4

Continue growing our online business and enhancing our e-commerce platform through a highly disciplined approach to tech investment.

5

Work with carrier partners to find additional ways to create value including joint quality and retention initiatives.

6

Pursue cost-effective diversification initiatives including stronger emphasis on our IFP and Ancillary products.

2022 Guidance

For the full year ending December 31, 2022, we are revising our financial guidance:

2022 Full Year Guidance	New Range (in millions)	Old Range (in millions)
Total Revenue	\$375 - \$395	\$448 - \$470
GAAP Net Loss	(\$115) – (\$92)	(\$106) – (\$83)
Adjusted EBITDA ⁽¹⁾	(\$73) – (\$45)	(\$64) – (\$37)
Total Cash Outflow, excluding the impact of our \$70 million term loan and associated costs	\$110 - \$90	\$140 - \$120

- 2022 Guidance update reflects our decision to further rationalize our Medicare marketing spend to de-emphasize the less profitable member acquisition channels during the AEP. We expect to generate similar levels of adjusted EBITDA and GAAP net loss on lower Medicare enrollment volumes, excluding the impact of the \$8.7M in negative revenue adjustment recorded in Q2 '22.
- **New plan for the year is also expected to have a significant positive effect on total cash outflow.**

Appendix

Net Loss to Adjusted EBITDA Reconciliation

	(In thousands)	
	Three Months Ended June 30,	
	2022	2021
Net loss attributable to common stockholders	\$ (45,029)	\$ (22,888)
Paid-in-kind dividends for preferred stock	4,771	3,082
Change in preferred stock redemption value	2,756	1,397
GAAP net loss	(37,502)	(18,409)
Stock-based compensation expense	5,505	8,245
Depreciation and amortization	5,349	3,997
Amortization of intangible assets	—	119
Restructuring and reorganization charges	1,369	—
Other (income) expense, net	1,167	(172)
Benefit from income taxes	(9,138)	(6,752)
Adjusted EBITDA	<u>\$ (33,250)</u>	<u>\$ (12,972)</u>

FY 2022 Guidance Net Loss to Adjusted EBITDA Reconciliation

	(in millions)	
	Full Year 2022 Guidance	
	Low	High
GAAP net loss attributable to common stockholders	\$ (146.0)	\$ (123.0)
Impact from preferred stock	31.0	31.0
GAAP net loss	(115.0)	(92.0)
Stock-based compensation expense	31.0	31.0
Depreciation and amortization	18.0	18.0
Restructuring and reorganization charges	9.0	9.0
Amortization of intangible assets	—	—
Other expense, net	5.0	6.0
Benefit from income taxes	(21.0)	(17.0)
Adjusted EBITDA	<u>\$ (73.0)</u>	<u>\$ (45.0)</u>