



January 2024

NASDAQ: ACCD

# Accolade Inc.

## Investor Presentation

This presentation contains “forward-looking statements” –that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “guidance,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will,” or “would” or similar expressions. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: our ability to achieve or maintain profitability; our reliance on a limited number of customers for a substantial portion of our revenue; our expectations and management of future growth; our market opportunity and our ability to estimate the size of our target market; the effects of increased competition as well as innovations by new and existing competitors in our market; and our ability to retain our existing customers and to increase our number of customers. 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: (i) changes in laws and regulations applicable to our business model; (ii) changes in market or industry conditions, regulatory environment and receptivity to our technology and services; (iii) results of litigation or a security incident; (iv) the loss of one or more key customers or partners; (v) the impact of COVID-19 on our business and results of operation; and (vi) changes to our abilities to recruit and retain qualified team members. For a detailed discussion of the risk factors that could affect our actual results, please refer to the risk factors identified in our Annual Report on Form 10-K for the fiscal year ended February 28, 2023, Quarterly Report on form 10-Q for the quarter ended November 30, 2023, and subsequent reports that we file.

This presentation includes non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures. For example, other companies may calculate similarly-titled non-GAAP financial measures differently. Refer to the Appendix for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures.



*Building a customer-obsessed,  
nationwide healthcare  
delivery company*





# Investment Highlights

Targeting \$1B in revenue and 15–20% Adjusted EBITDA in 5 years

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Consistent 20% revenue growth with increasing profitability

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Market leader in highly underpenetrated Personalized Healthcare market

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High revenue visibility and customer diversification

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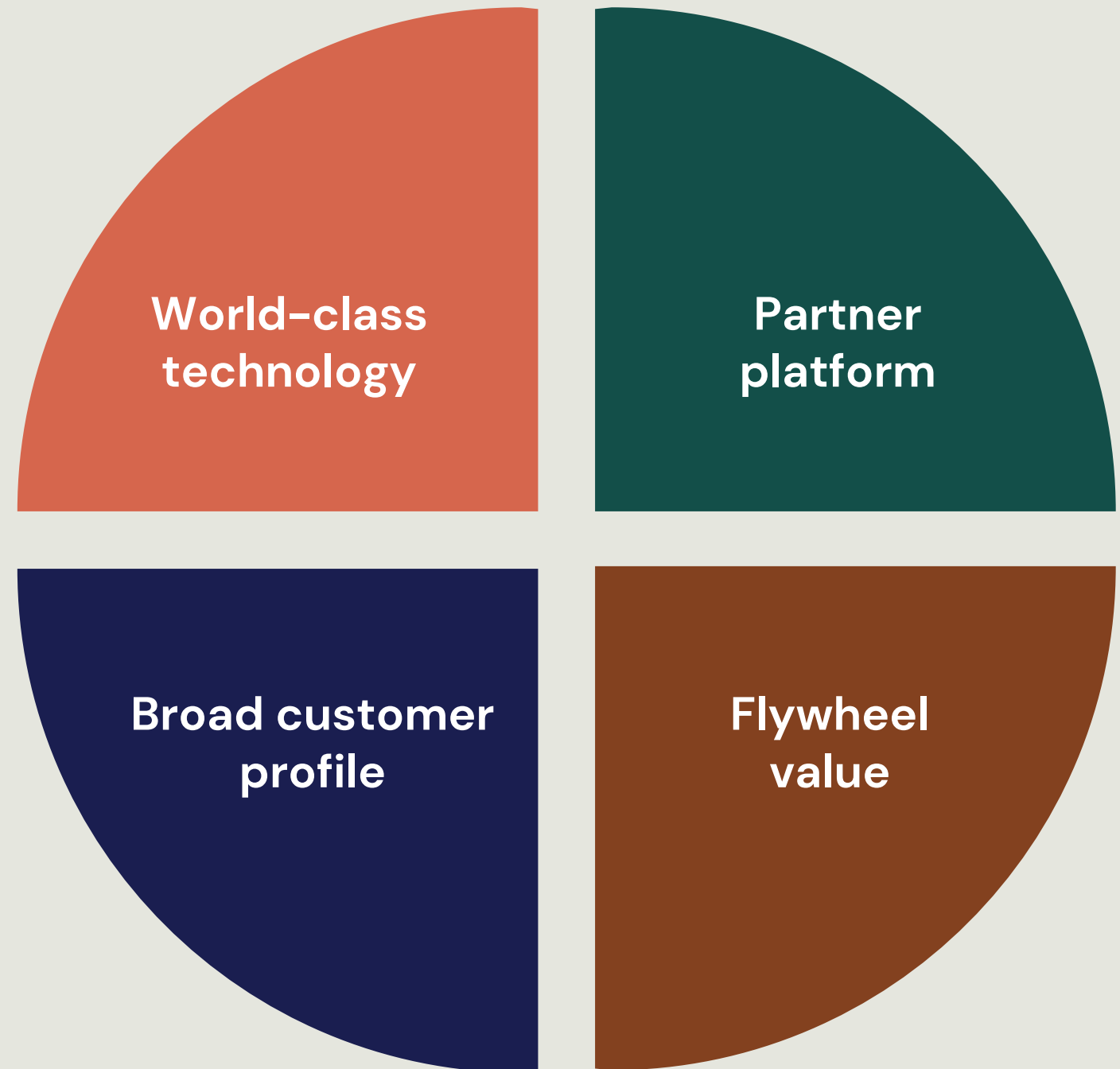
Integrated platform enables scale, utilization, and margin expansion

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Massive opportunity to leverage AI and healthcare tech to transform healthcare experience for all employers and millions of consumers



# What stands us apart





# High Touch Healthcare Services Powered by Next Gen Technology

Our extraordinary care teams drive engagement, solve the Physician Gap, and fight for our members.



Care Advocates



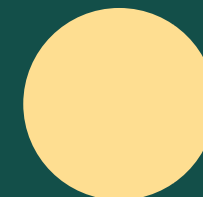
Nurses



Nurse Case Managers



Women's Health Nurses



Behavioral Health Clinician



Physicians (typically internal medicine or family practice)

Panel of 1000+ Physician Specialists

Medical Director

Medical Records Specialist

Provider Search Specialists

Claims & Benefits Specialists

Pharmacist & Pharmacist Tech

Dietician

Social Worker



# the Physician Gap impact is real



**Delayed and deferred  
doctor visits**



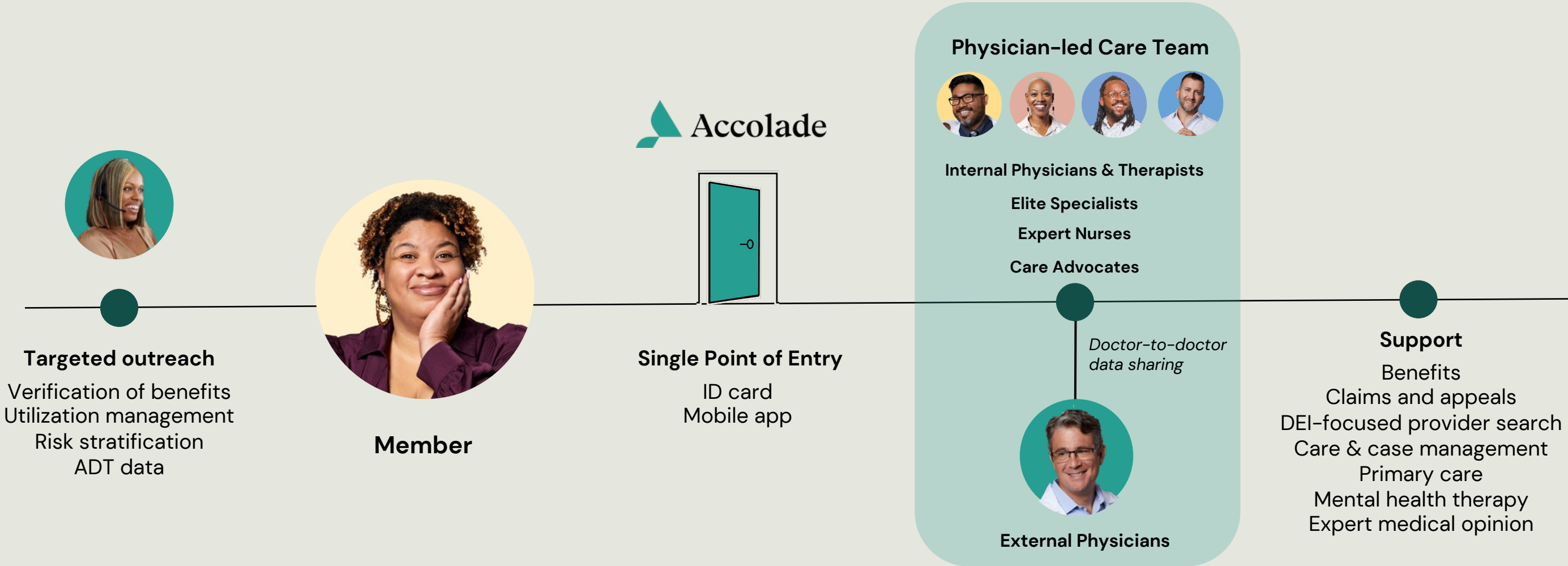
**Fragmented communication  
between providers (episodes)**



**Unnecessary surgeries and  
wrong treatments**



# We put doctors **at the heart** of the solution





# Accolade fixes the Physician Gap



**80% of visits  
occur same day**



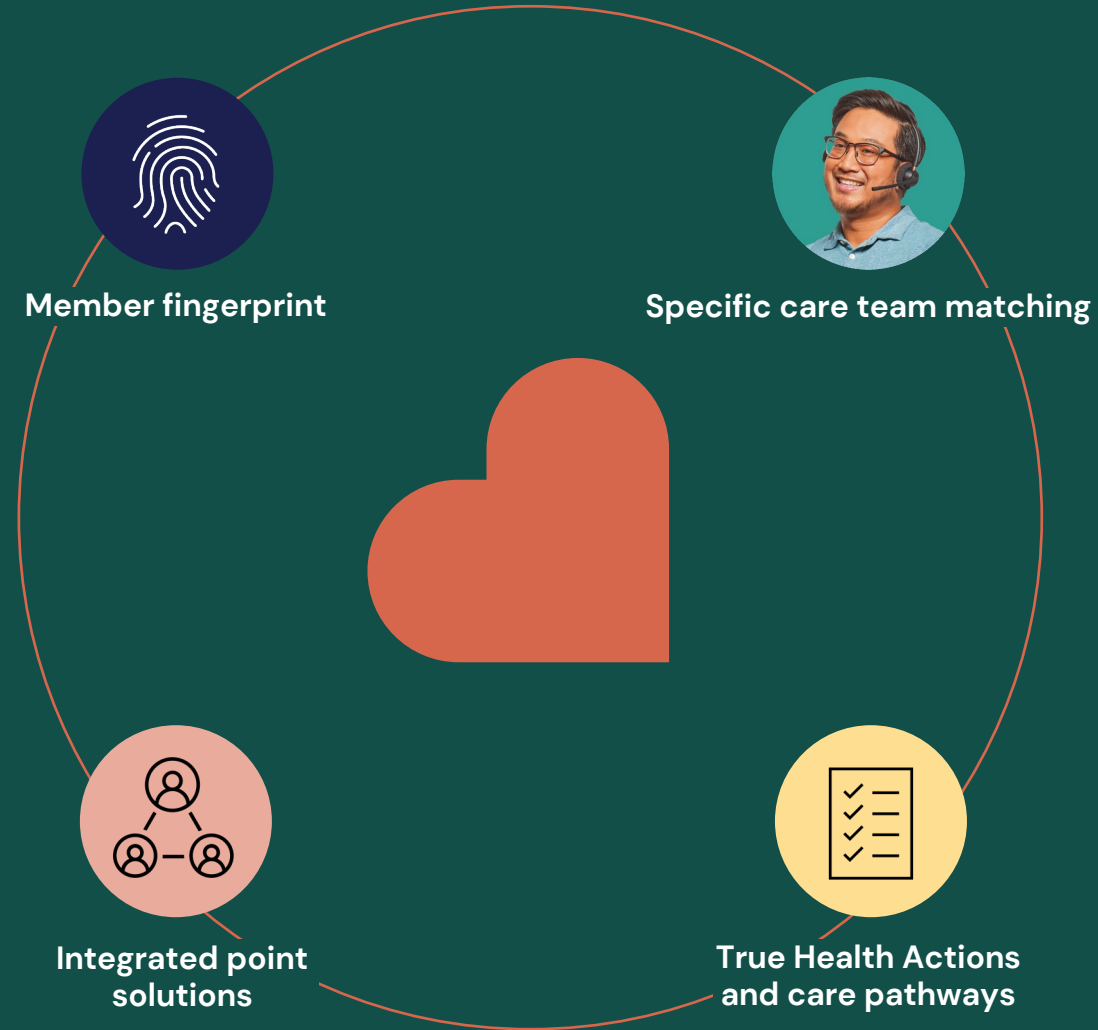
**Data sharing with  
outside physicians**  
*visit summaries and relevant data*



**Overall savings: 4%+**  
*EMO: 25% of surgeries cancelled,  
85% care plans improved*



# Trust and human connection, every time



# Our World-Class Technology

We use technology and data to seamlessly give members trust and human connection, every time.



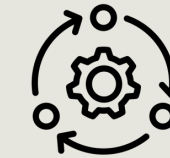
Member  
Fingerprint



Call  
Scheduling



Skills-Based  
Routing



Automation



TrueHealth  
Actions



AI



# The future state is connected for ease

Pre-existing burdens

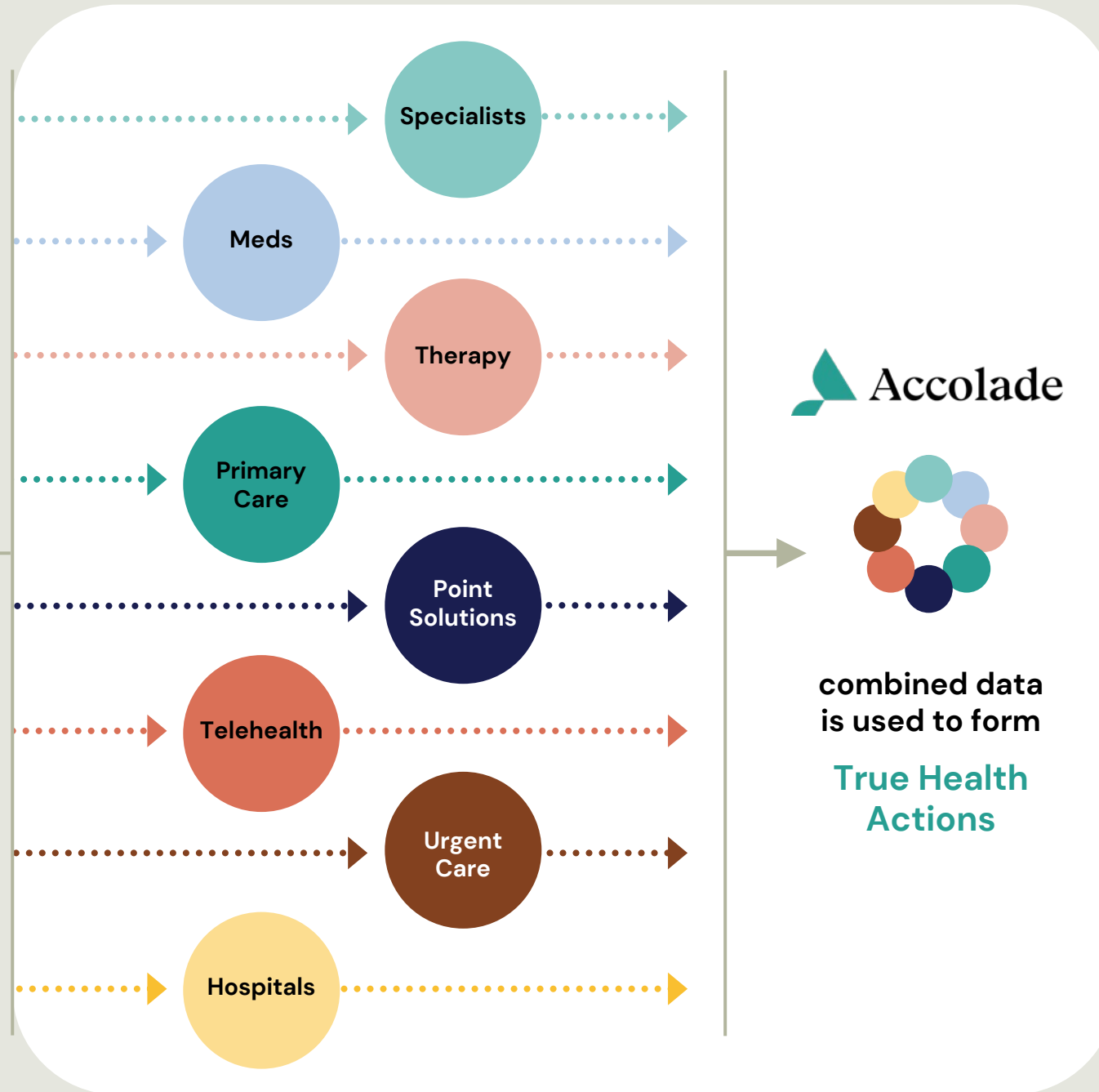
SDOH

Benefits

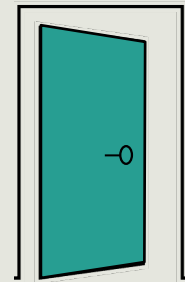
Lack of timely care



High-risk member



Front door engagement



Actionable steps are given to member in app



# True Health Actions Drive Personalized Care Experience

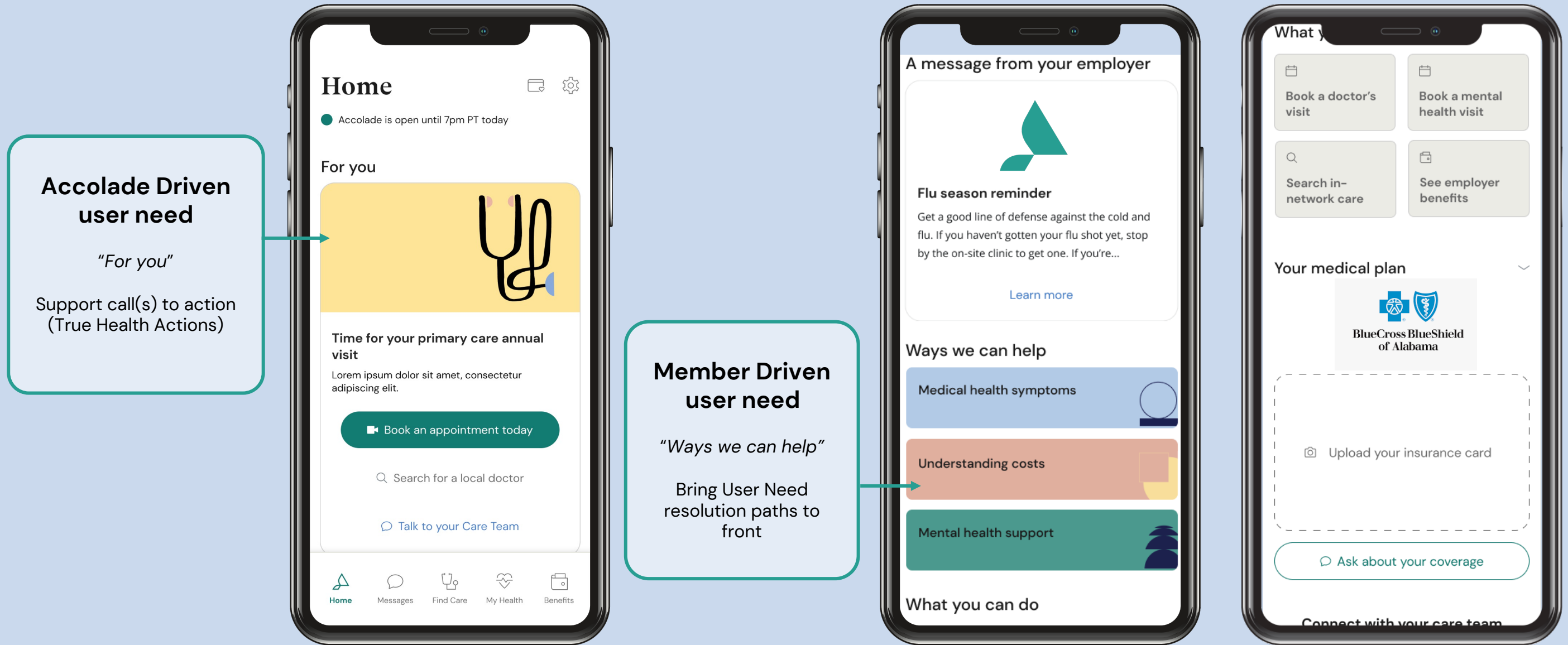
- A Concept – Member Health Snapshot
- B Deployed – Alerts
- C Deployed – True Health Action Recommendations

The screenshot displays a patient profile for John Dale (DOB 03/22/1992). The page is divided into several sections:

- Need to know:** A yellow box (A) contains a "Health Snapshot" with details: Clinical Risk Level: High Risk; Chronic Conditions: Chronic pain, stiffness of right knee, obesity, and osteoarthritis; Medications (past 6 months): 8 different medications filled. A "View more" link is present.
- Alerts:** A green box (B) contains three alerts: "OON usage" (This member has recently used an OON provider), "Unnecessary ER visits" (Educate Member on urgent care and alternatives to emergency room), and "Preferred language" (Member prefers to primarily speak Spanish).
- True health actions:** A large green box (C) contains three action recommendations:
  - Primary Recommendation:** Warm transfer member to Accolade's EMO Intake Coordinator. Includes a "Next step actions" dropdown with "Action outcome" set to "Select".
  - Enroll member into Musculoskeletal Program (MSK). Includes a "Next step actions" dropdown with "Action outcome" set to "Select".
  - Revised Virtual PCP Example (specifically PlushCare). Includes a "Next step actions" dropdown with "Action outcome" set to "Select".
- Member account details:** Shows registration date (06/26/21), last mobile login (08/15/22), and last member portal login (08/15/22). Includes a "Member forgot password" button and a note: "HIPAA must be verified before button becomes enabled."
- Current reasons & tasks:** Shows a "Benefit question" with "Open Tasks (2)".
- Unresolved reasons & tasks:** Shows a "Claims question" with "Open Tasks (1)".

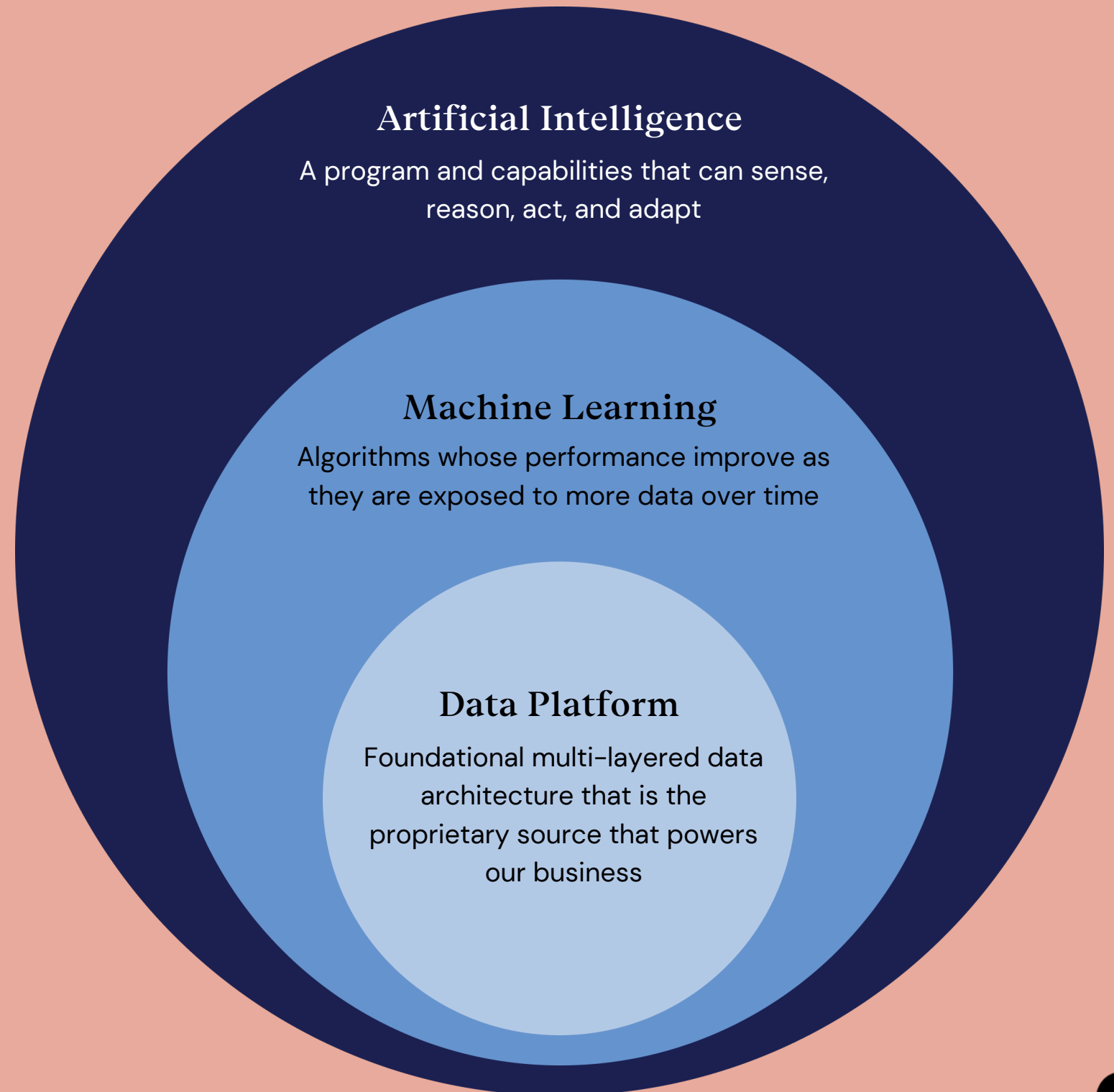


# True Health Actions Create a Personalized Digital Experience





# What AI means at Accolade

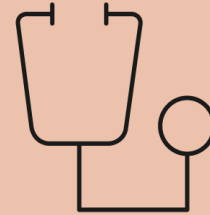


# Our AI capabilities and utilization



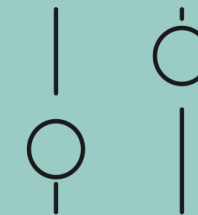
## Front Line Care Team

- Interaction Monitoring
- Auto QA Evaluations
- Auto Note Summarization
- Conversational AI across IVR and Messaging
- NextGen RPA & Workflow Automation
- Benefits & Claims Q&A



## Clinical Intelligence

- Population Health
- Clinical Foundation Score
- EMO ML Models
- Decision & Workflow Engine



## Analytics

- Clinical Analytics
- Workforce Management Forecasting
- NPS and CSAT Sentiment
- ML Engagement Prediction
- Gen AI Voice of Customer Trend & Insights Solution



# Accolade's Advantages for the Healthcare Ecosystem



# Trusted Partner Ecosystem

High-quality solutions, complementary to Accolade's own services, in categories that matter to our customers

Musculoskeletal



sword  
Hinge Health™

Diabetes / Metabolic



virta

Pharmacy



rxSS™  
Rx Savings Solutions

Centers of Excellence



Employer Direct Healthcare  
carrumhealth

Behavioral Health



headspace  
Lyra  
Equip

Health Equity



FOLX



vivante  
HEALTH

Gastrointestinal



CARROT

Fertility Healthcare



WellRight

Wellness / Incentives



Brightside

Financial Health



Jellyvision®

Benefits Selection



# Driving appropriate use of customers' programs is core to our value proposition

## Ecosystem Programs

Existing point solutions



Benefit Center Tile



Warm site connections



FLCT training and referrals



Referral reporting

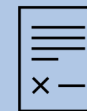


## Trusted Partner Ecosystem

Best-in-class solutions where customers enjoy easier purchasing and implementation, enhanced features, and incremental utilization



Partner vetting



Streamlined contracting



Implementation support



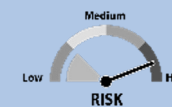
ACCD-managed program eligibility



Billing management



Codeveloped FLCT training



ACCD-generated target outreach files



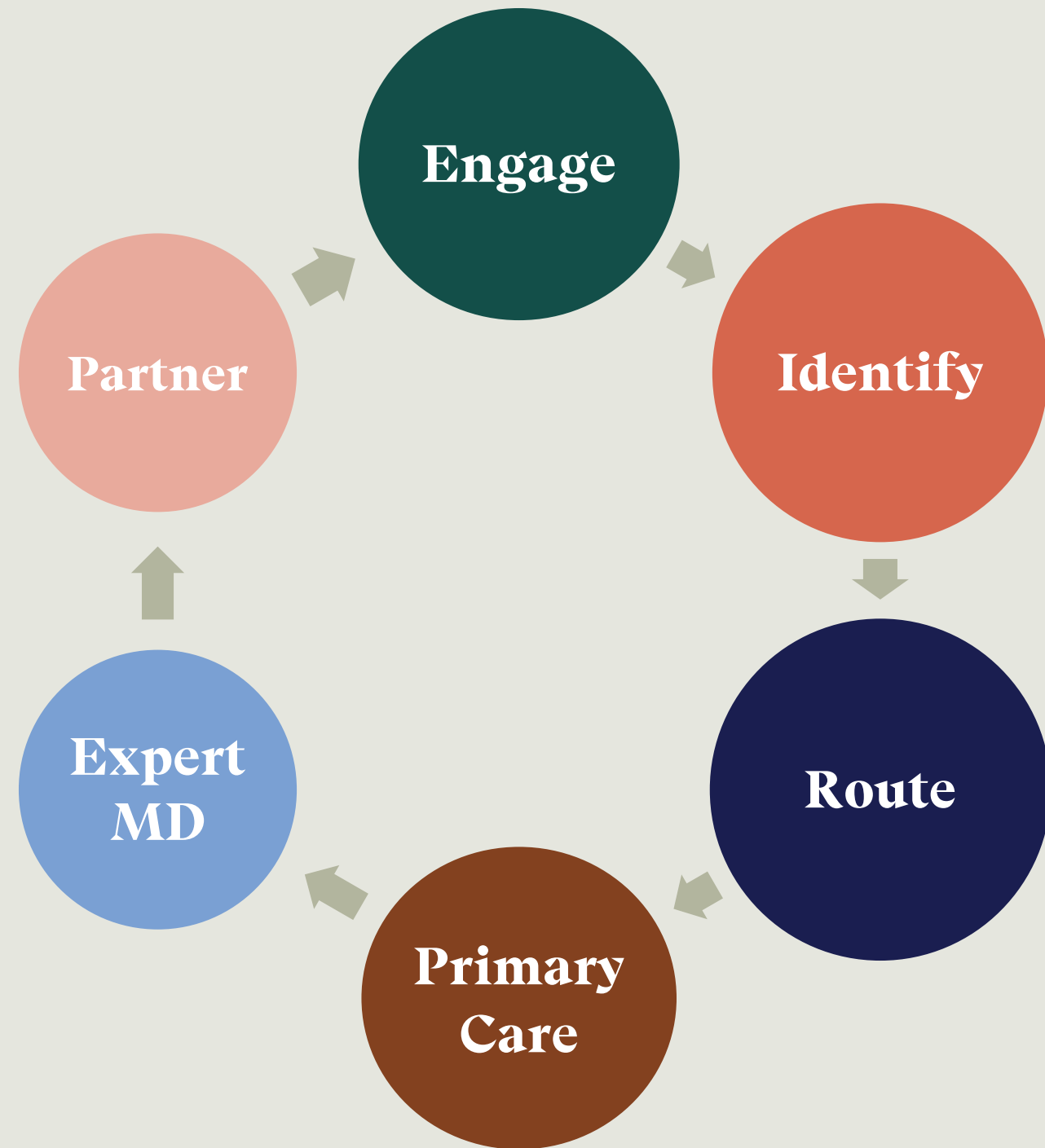
Find Care promotion



Closed loop reporting



# Business Model Builds Momentum as Adoption Grows



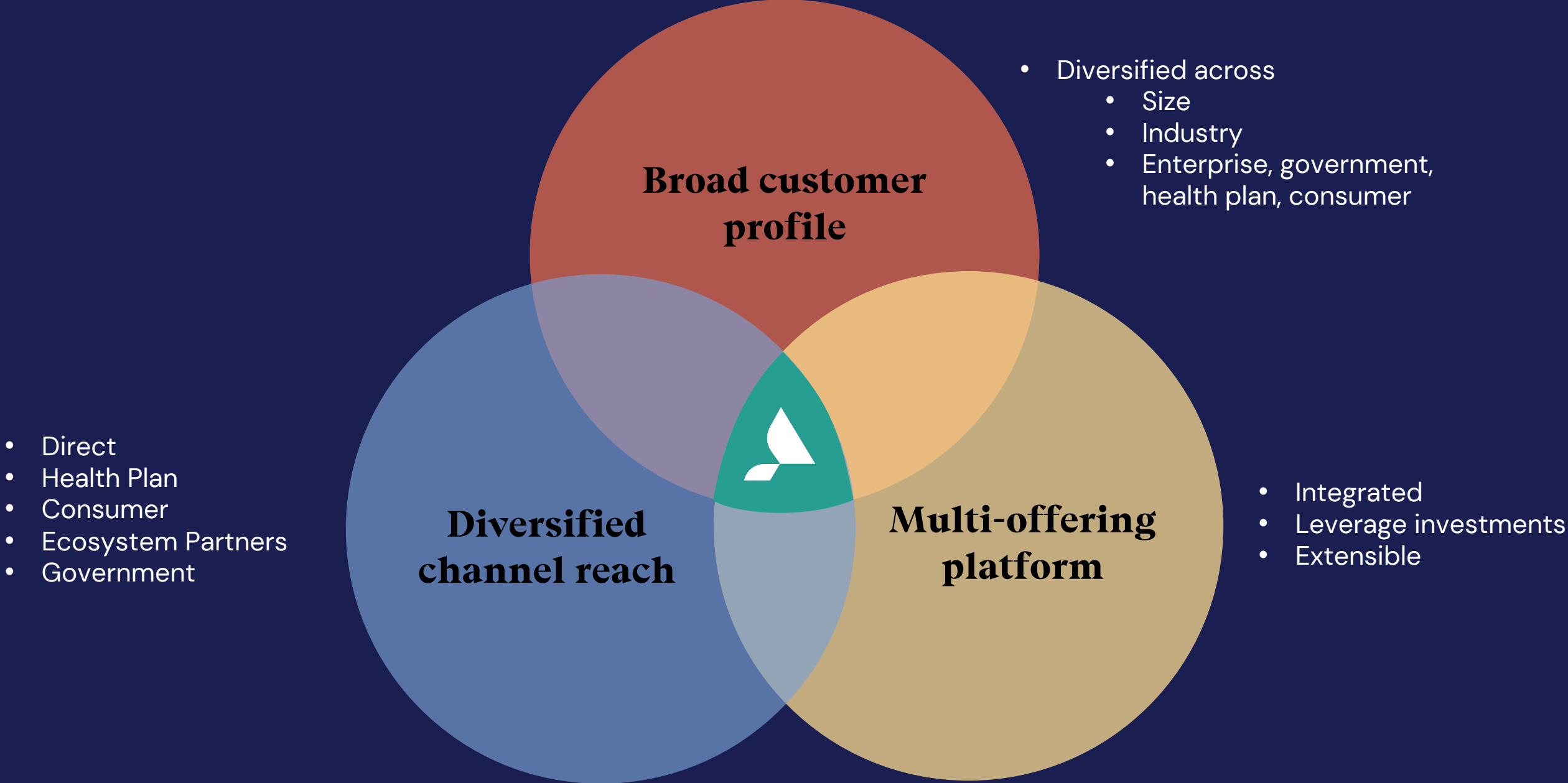




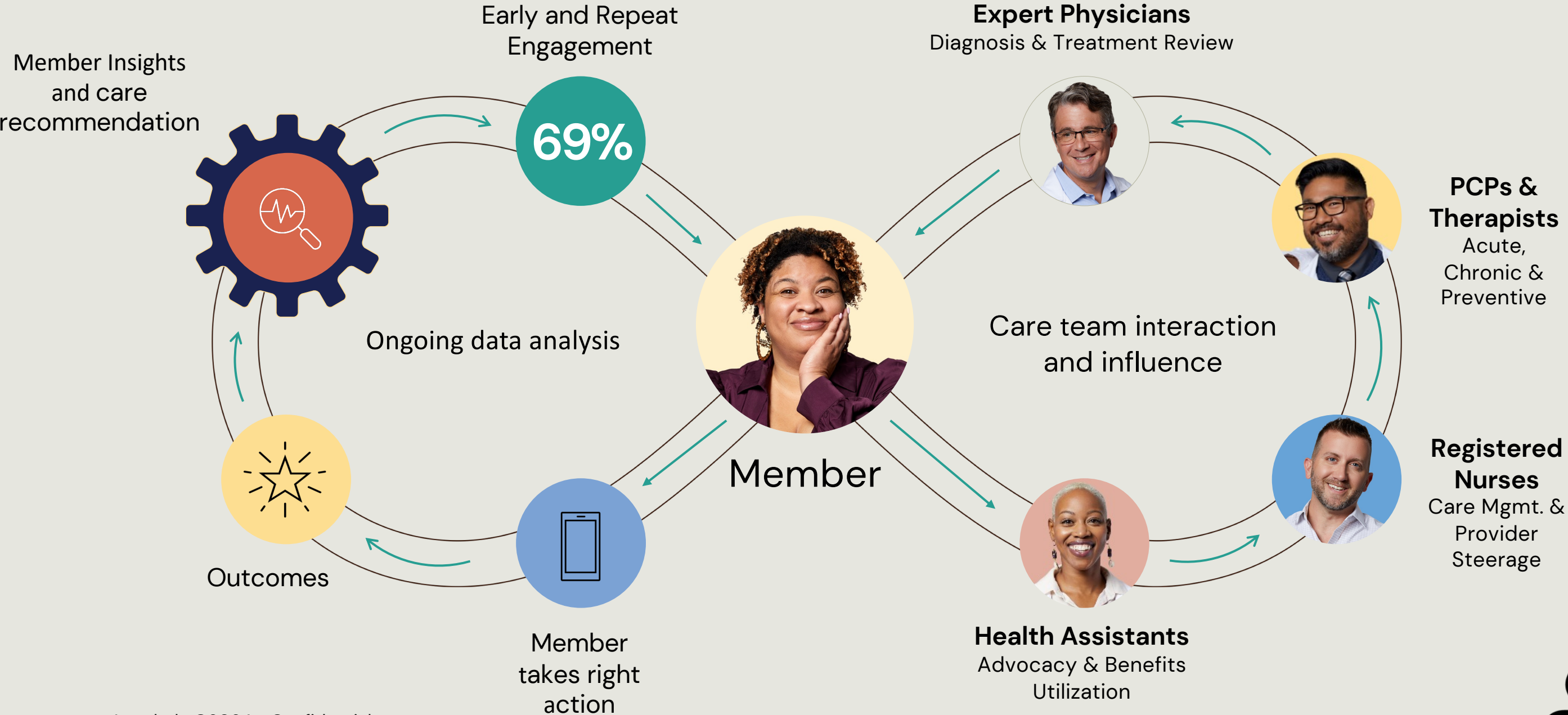
# Distribution Reach



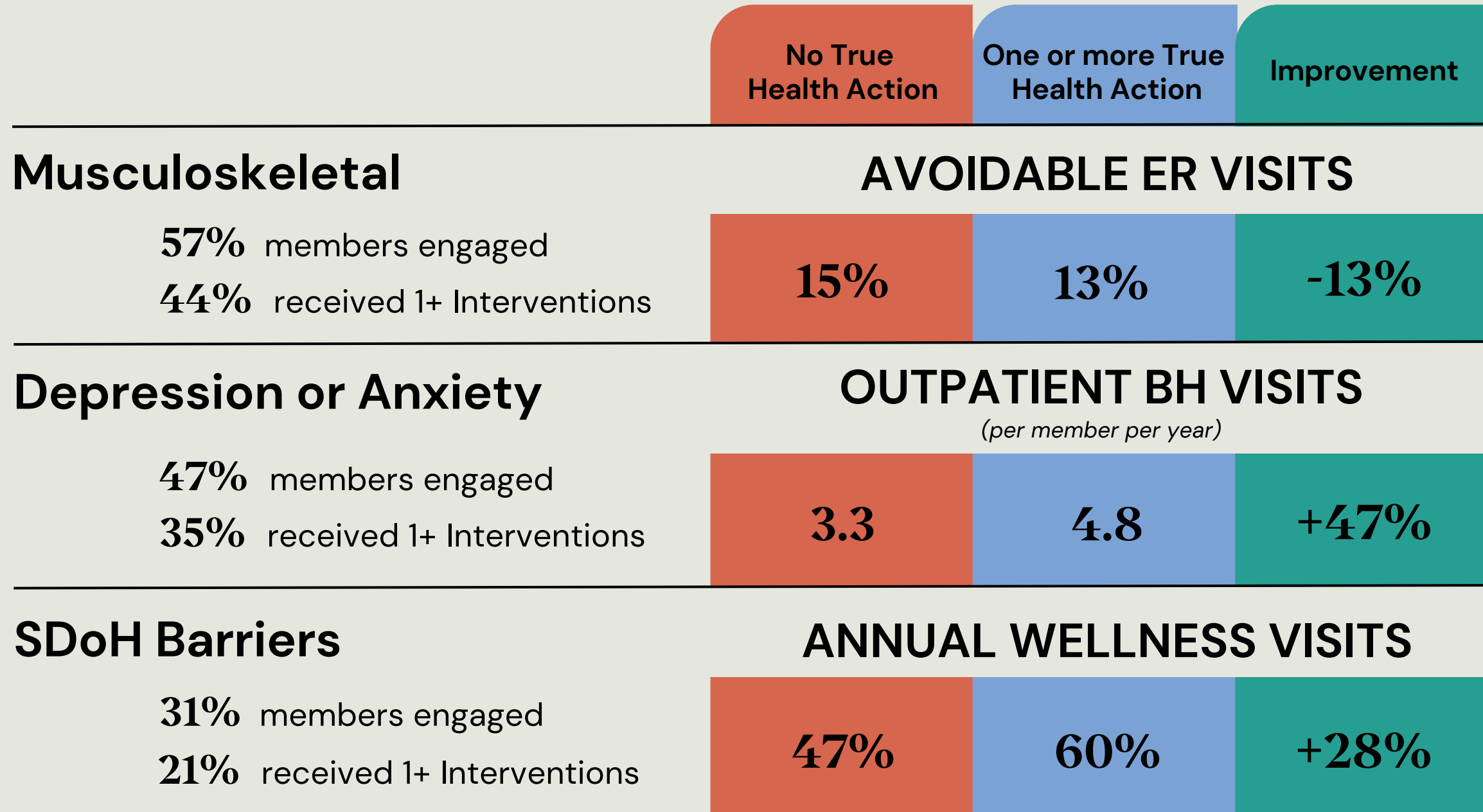
# Diversified customer profiles create opportunity and expand TAM



# Business Model Builds Momentum as Adoption Grows



# Improved Outcomes Across Conditions







# Financials



# Accelerating Accolade's Innovation

Continuous investment in clinical transformation and operational excellence



Created a Proven High Touch, High Tech Personalized Advocacy Model



Launched Intelligent Provider Matching (MDI Acquisition)



Launched Accolade COVID Response Care



Launched Mental Health Integrated Care



Acquired 2nd.MD - Expert Medical Opinion



Acquired PlushCare - Virtual Primary Care



Introduced Personalized Healthcare



IPO • July 2020

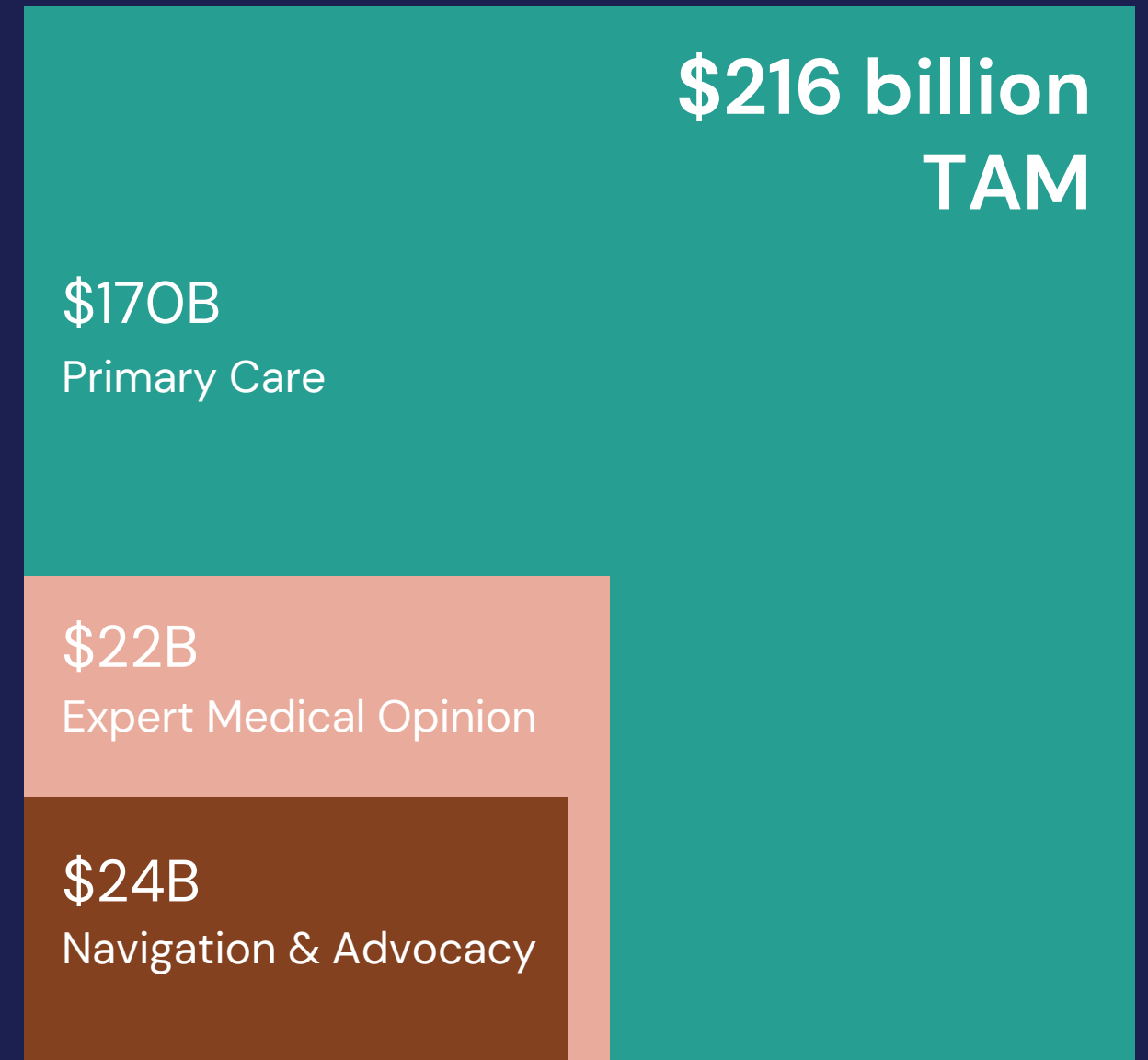
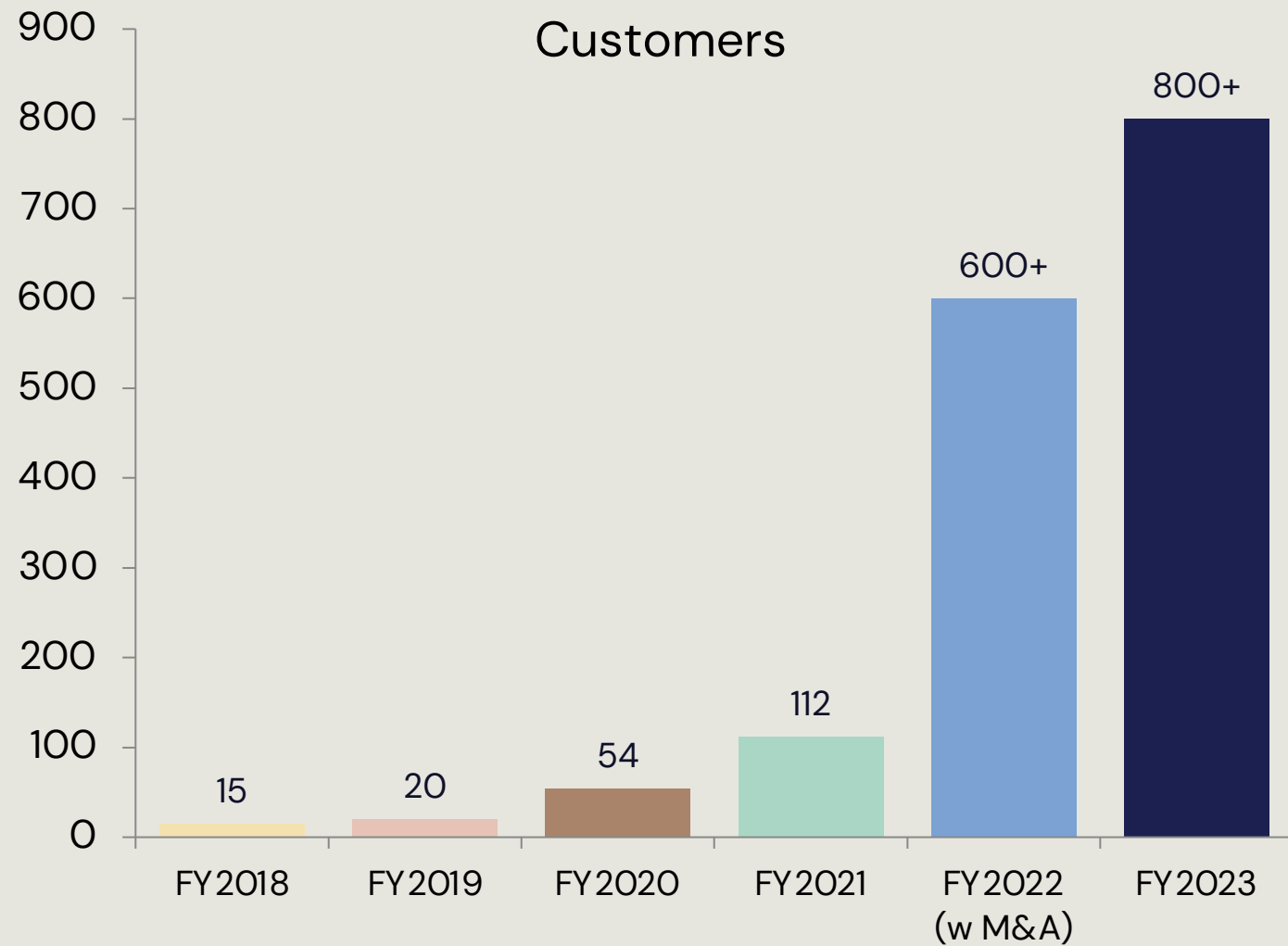
Follow-on Offering • October 2020

Convertible Debt Offering • March 2021

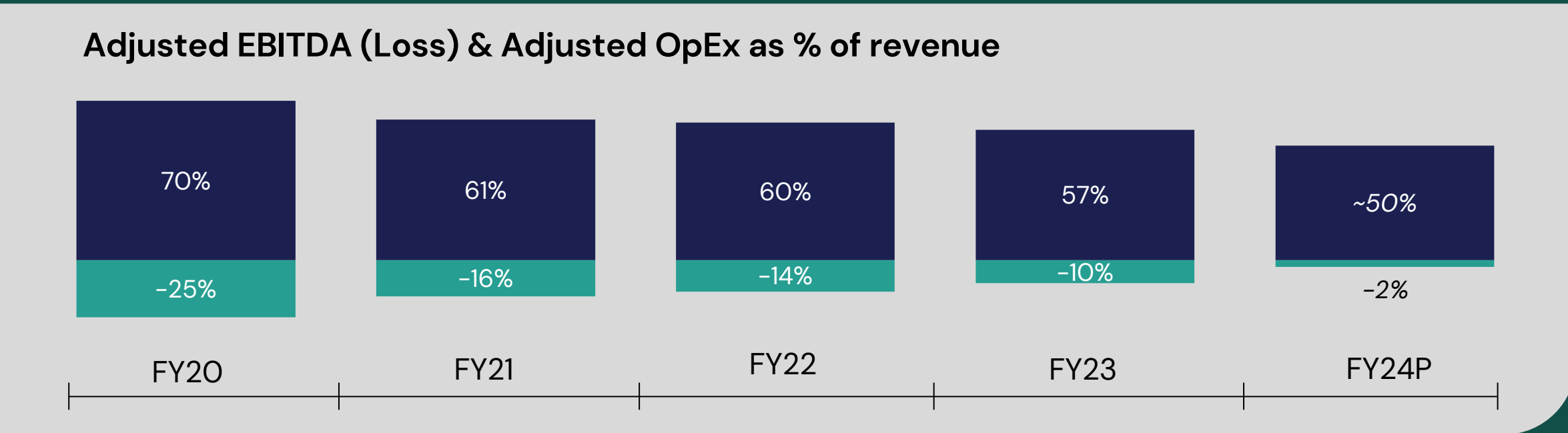
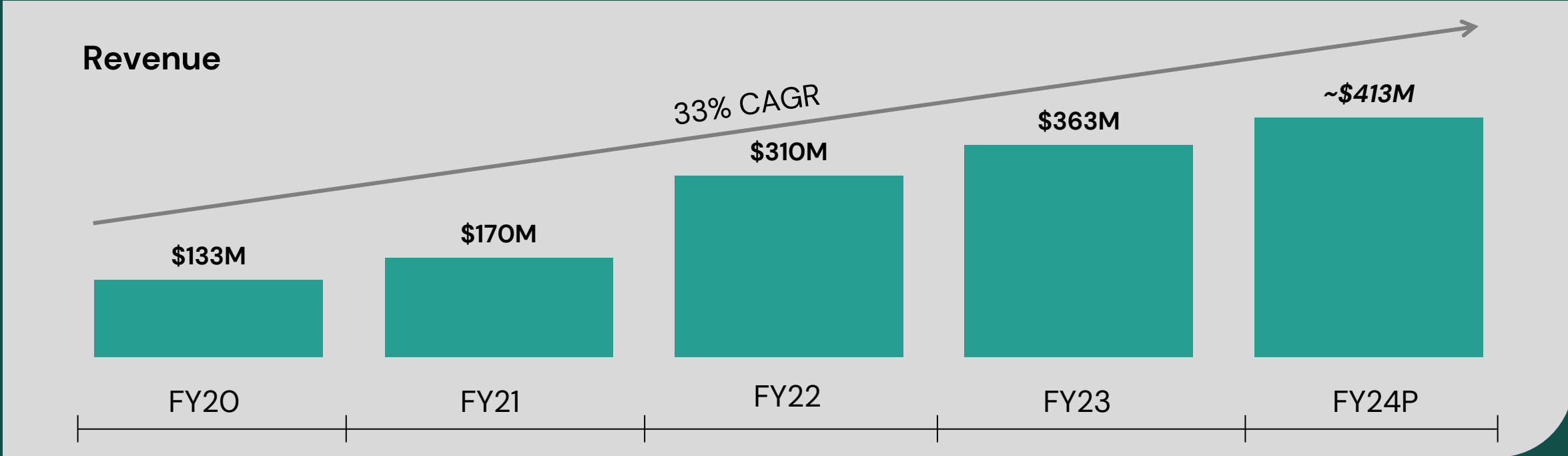




# Significantly Expanded Addressable Market

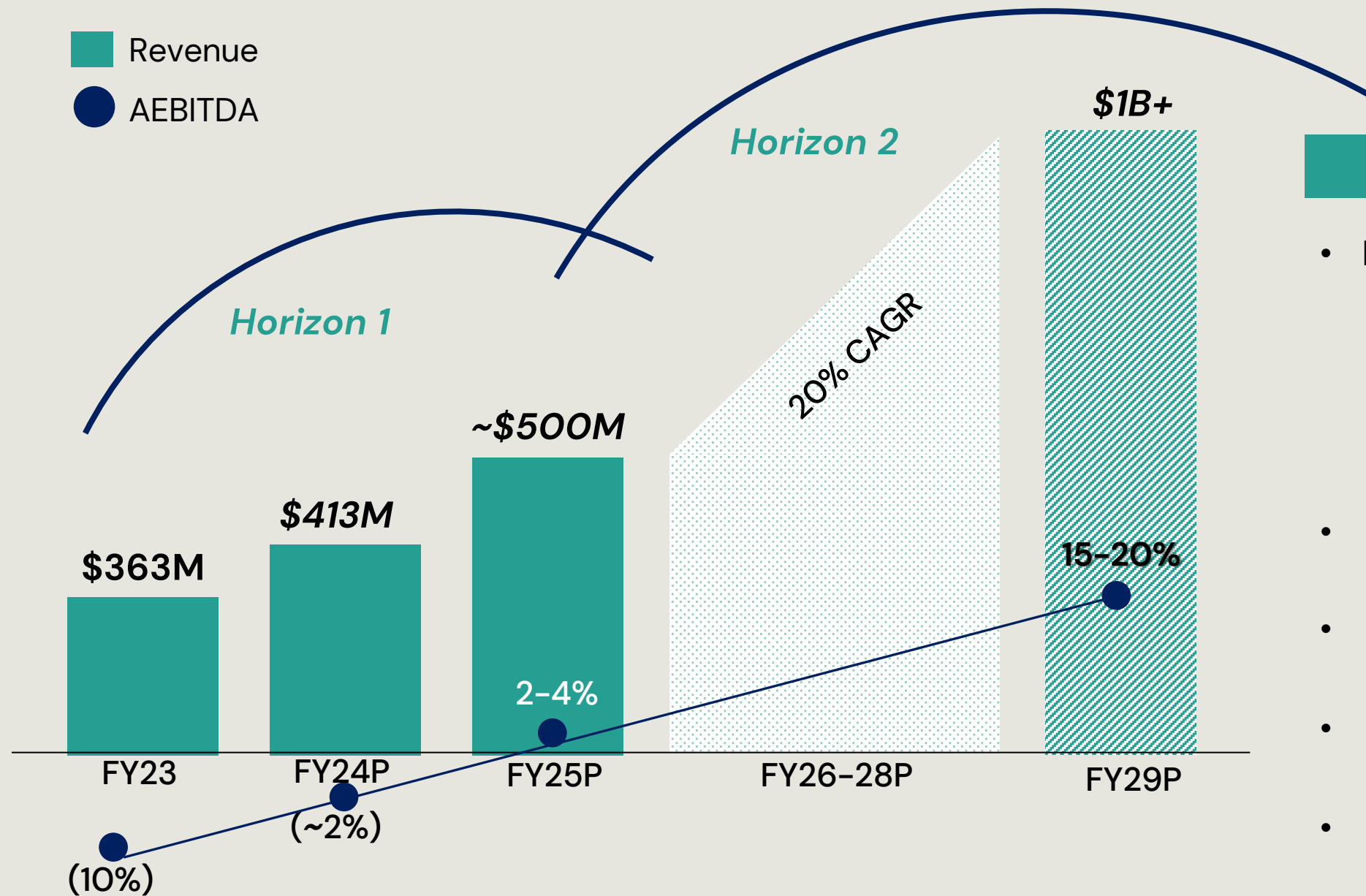


# Consistent growth and progress toward profitability



# Strong visibility to growth and profitability

Targeting \$1 billion revenue and 15–20% Adjusted EBITDA in FY29

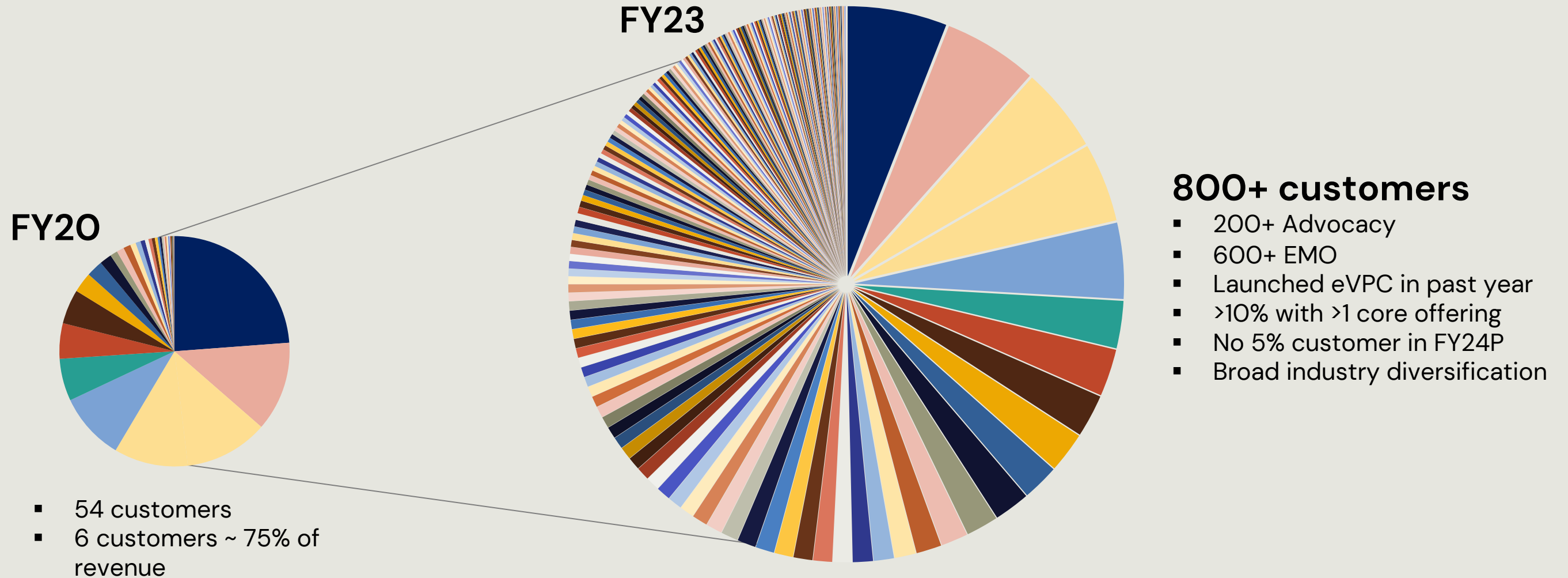


## Key drivers

- Integrated healthcare platform
  - Advocacy
  - Primary Care and mental health
  - Expert Medical Opinion
  - Trusted Partner Ecosystem
- Continued market growth, penetration and leadership
- Increasing revenue-per-customer and net dollar retention
- Data-driven models achieve scale: Engineered to Care
- Scale drives margin expansion



# Customer and revenue diversification



# Financial Targets and Goals (Non-GAAP)

## Long-Term Goals

Adj. Gross Margin		50–55%
Adj. Operating Expenses	P&T as % of Rev.	13–17%
	S&M as % of Rev.	15–20%
	G&A as % of Rev.	7–9%
Adj. EBITDA Margin		15–20%



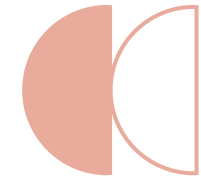
# Growth, Scale & Profitability



Highly diversified revenue mix



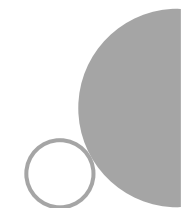
Expanding margins and operating leverage



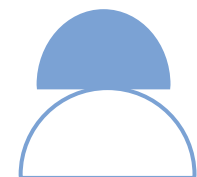
One Accolade driving operational efficiencies



Attractive and improving unit economics



Clear vision toward \$1B+ revenue and target financial model







**Accolade**

PERSONALIZED HEALTHCARE



# Appendix



# Reconciliations of Revenue to Adjusted Gross Profit & Net loss to Adjusted EBITDA

Adjusted Gross Profit is a non-GAAP financial measure that we define as revenue less cost of revenue, excluding depreciation and amortization, and excluding stock-based compensation and severance costs. We define Adjusted Gross Margin as our Adjusted Gross Profit divided by our revenue. We believe Adjusted Gross Profit and Adjusted Gross Margin are useful to investors, as they eliminate the impact of certain noncash expenses and allow a direct comparison of these measures between periods without the impact of noncash expenses and certain other nonrecurring operating expenses.

Adjusted EBITDA is a non-GAAP financial measure that we define as net loss adjusted to exclude interest expense (income), net, income tax expense (benefit), depreciation and amortization, stock-based compensation, acquisition and integration-related costs, goodwill impairment, change in fair value of contingent consideration, severance costs, and other expense (income). Severance costs include severance payments related to the realignment of our resources. Other expense (income) includes foreign exchange gain or loss. We believe Adjusted EBITDA provides investors with useful information on period-to-period performance as evaluated by management and comparison with our past financial performance. We believe Adjusted EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry, as this measure generally eliminates the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.

Adjusted Gross Profit, Adjusted Gross Margin and Adjusted EBITDA have certain limitations, including that they exclude the impact of certain non-cash charges, such as depreciation and amortization, whereas underlying assets may need to be replaced and result in cash capital expenditures, and stock-based compensation expense, which is a recurring charge. These non-GAAP financial measures may also not be comparable to similarly titled measures of other companies because they may not calculate such measures in the same manner, limiting their usefulness as comparative measures. In evaluating these non-GAAP financial measures, you should be aware that in the future we expect to incur expenses similar to the adjustments in this presentation. Our presentation of non-GAAP financial measures should not be construed as an inference that our future results will be unaffected by these expenses or any unusual or nonrecurring items. When evaluating our performance, you should consider these non-GAAP financial measures alongside other financial performance measures, including the most directly comparable GAAP measures set forth in the reconciliation tables below and our other GAAP results.

**The following tables present, for the periods indicated, reconciliation of our revenue to Adjusted Gross Profit and net loss to Adjusted EBITDA.**



# Adjusted EBITDA (Loss) Reconciliation

(\$ in thousands)

Fiscal year ended February 28 (29),	2020	2021	2022	2023
Net Loss	\$ (51,365)	\$ (50,652)	\$ (123,124)	\$ (459,650)
Adjusted for:				
Interest expense (income), net	2,925	3,724	2,905	(255)
Income tax expense (benefit)	129	4	(5,639)	(3,624)
Depreciation and amortization	8,516	8,212	42,608	46,377
Stock-based compensation	6,002	9,576	72,939	72,644
Acquisition & integration-related costs	567	2,050	13,219	1,218
Goodwill impairment				299,705
Change in fair value of contingent consideration	--	--	(45,416)	--
Severance costs				7,065
Other expense	107	147	133	15
<b>Adjusted EBITDA (Loss)</b>	<b>\$ (33,119)</b>	<b>\$ (26,939)</b>	<b>\$ (42,375)</b>	<b>\$ (36,505)</b>

\*Please refer to page 27 for important information regarding non-GAAP financial measures





# Adjusted Gross Margin Reconciliation

(\$ in thousands)

Fiscal year ended February 28 (29),	2020	2021	2022	2023
Revenue	\$ 132,507	\$ 170,358	\$ 310,021	\$ 363,142
Less:				
Cost of revenue, excluding depreciation and amortization	(73,685)	(93,673)	(169,019)	(198,905)
Gross Profit, excluding depreciation and amortization	58,822	76,685	141,002	164,237
Add:				
Stock-based compensation, cost of revenue	318	948	3,197	4,794
Severance costs, costs of revenue				1,025
<b>Adjusted Gross Profit</b>	<b>\$ 59,140</b>	<b>\$ 77,633</b>	<b>\$ 144,199</b>	<b>170,056</b>
Gross Margin, excluding depreciation and amortization	44.4%	45.0%	45.5%	45.2%
<b>Adjusted Gross Margin</b>	<b>44.6%</b>	<b>45.6%</b>	<b>46.5%</b>	<b>46.8%</b>

\*Please refer to page 27 for important information regarding non-GAAP financial measures



# Adjusted Operating Expense Reconciliation

(\$ in thousands)

Fiscal year ended February 28 (29),	2020	2021	2022	2023
Revenue	\$ 132,507	\$ 170,358	\$ 310,021	\$ 363,142
Operating Expenses	107,026	123,462	266,727	627,751
Less:				
Depreciation and amortization	(8,516)	(8,212)	(42,608)	(46,377)
Stock-based compensation	(5,684)	(8,628)	(69,742)	( 67,850)
Acquisition, integration-related costs and other	(567)	(2,050)	(13,219)	(1,218)
Goodwill Impairment	--	--	--	(299,705)
Change in fair value of contingent consideration	--	--	45,416	--
Severance costs				(6,040)
<b>Adjusted Operating Expenses</b>	<b>\$ 92,259</b>	<b>\$ 104,572</b>	<b>\$ 186,574</b>	<b>\$ 206,561</b>
<b>Adjusted Operating Expenses as a % of Revenue</b>	<b>70%</b>	<b>61%</b>	<b>60%</b>	<b>57%</b>

\*Please refer to page 27 for important information regarding non-GAAP financial measures







**Accolade**  
PERSONALIZED HEALTHCARE