

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 23, 2021

Accolade, Inc.
(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-39348
(Commission File Number)

01-0969591
(IRS Employer
Identification No.)

1201 Third Avenue, Suite 1700
Seattle, WA
(Address of Principal Executive
Offices)

98101
(Zip Code)

(206) 926-8100
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	ACCD	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On March 23, 2021, Accolade, Inc. (the “Company”) announced that it intends to offer, subject to market and other conditions, \$250 million aggregate principal amount of convertible senior notes due 2026 (the “Notes”) in a private placement (the “Offering”) to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). A copy of this press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

In connection with the Offering, the Company’s management will provide information to, and conduct meetings with, members of the investment community. Such information contains certain estimated preliminary financial results for the year ended February 28, 2021 and are included in the press release furnished as Exhibit 99.2 to this Current Report on Form 8-K and incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

The information set forth in Item 2.02 is incorporated by reference into this Item 7.01.

The information in this Current Report on Form 8-K is being furnished, but shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing with the U.S. Securities and Exchange Commission made by the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits**

Exhibit Number	Exhibit Description
99.1	Press Release, March 23, 2021, announcing the Offering
99.2	Press Release, March 23, 2021, announcing certain estimated preliminary financial results
104	Cover Page Interactive Data File

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Accolade, Inc.

Dated: March 23, 2021

By: /s/ Rajeev Singh
Rajeev Singh
Chief Executive Officer

Accolade Announces Private Offering of \$250 Million Convertible Notes

SEATTLE – March 23, 2021 -- Accolade, Inc. (Nasdaq: ACCD) (“Accolade”) announced today that it intends to offer, subject to market and other conditions, \$250 million aggregate principal amount of convertible senior notes due 2026 (the “Notes”) in a private placement (the “offering”) to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). Accolade also intends to grant the initial purchasers of the Notes an option to purchase, within a 13-day period beginning on, and including, the date on which the Notes are first issued, up to an additional \$37.5 million aggregate principal amount of the Notes.

The Notes will be general unsecured obligations of Accolade and will accrue interest payable semiannually in arrears. The Notes will be convertible into cash, shares of Accolade’s common stock or a combination of cash and shares, at Accolade’s election. The interest rate, initial conversion rate and other terms of the Notes will be determined at the time of the pricing of the offering.

Accolade expects to use a portion of the net proceeds from the offering to pay the cost of the capped call transactions described below. Accolade expects to use the remainder of any net proceeds for general corporate purposes, including working capital, operating expenses, capital expenditures, acquisitions and strategic investments.

In connection with the pricing of the Notes, Accolade expects to enter into capped call transactions with one or more of the initial purchasers and/or their respective affiliates or other financial institutions (the “option counterparties”). The capped call transactions will cover, subject to customary adjustments, the number of shares of Accolade’s common stock that initially underlie the Notes. The capped call transactions are expected to offset the potential dilution to Accolade’s common stock as a result of any conversion of the Notes, with such offset subject to a cap. If the initial purchasers exercise their option to purchase additional notes, Accolade expects to enter into additional capped call transactions with the option counterparties.

In connection with establishing their initial hedges of the capped call transactions, Accolade has been advised that the option counterparties and/or their respective affiliates expect to enter into various derivative transactions with respect to Accolade’s common stock concurrently with or shortly after the pricing of the Notes and/or purchase shares of Accolade’s common stock concurrently with or shortly after the pricing of the Notes. This activity could increase (or reduce the size of any decrease in) the market price of Accolade’s common stock or the Notes at that time.

In addition, the option counterparties and/or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to Accolade’s common stock and/or purchasing or selling Accolade’s common stock or other securities of Accolade in secondary market transactions following the pricing of the Notes and prior to the maturity of the Notes (and are likely to do so on each exercise date of the capped call transactions, which are expected to occur during the 40 trading day period beginning on the 41st scheduled trading day prior to the maturity date of the Notes, or following any termination of any portion of the capped call transactions in connection with any repurchase, redemption or early conversion of the Notes). This activity could also cause or avoid an increase or a decrease in the market price of Accolade’s common stock or the Notes, which could affect a noteholder’s ability to convert its Notes and, to the extent the activity occurs during any observation period related to a conversion of the Notes, it could affect the amount and value of the consideration that a noteholder will receive upon conversion of such Notes.

In addition, if any of such capped call transactions fails to become effective, whether or not the offering of the Notes is completed, the option counterparty thereto may unwind its hedge positions with respect to Accolade's common stock, which could adversely affect the value of Accolade's common stock and, if the Notes have been issued, the value of the Notes.

Neither the Notes, nor any shares of Accolade common stock issuable upon conversion of the Notes, have been registered under the Securities Act or any state securities laws, and unless so registered, may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws.

This press release shall not constitute an offer to sell or a solicitation of an offer to buy the Notes, the common stock potentially issuable upon conversion of the Notes or any other securities, and will not constitute an offer, solicitation or sale in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “may,” “will,” “expect,” “intend,” and similar expressions (as well as other words or expressions referencing future events, conditions or circumstances) are intended to identify forward-looking statements. These forward-looking statements are based on Accolade's expectations and assumptions as of the date of this press release. Each of these forward-looking statements involves risks and uncertainties. Actual results may differ materially from these forward-looking statements. Forward-looking statements contained in this press release include statements regarding, among other things, the timing, size, whether Accolade will enter into and the extent, and potential effects, of the capped call transactions, completion and use of proceeds of the proposed public offering. Many factors may cause differences between current expectations and actual results in such forward-looking statements as a result of various risks and uncertainties, which include, without limitation, market risks and uncertainties and the satisfaction of customary closing conditions for an offering of securities. These and other risks and uncertainties are described in Accolade's filings with the SEC, including the risks described under the heading “Risk Factors” in Accolade's most recently filed Quarterly Report on Form 10-Q, which should be read in conjunction with its financial results and forward-looking statements. Except as required by law, Accolade assumes no obligation to update any forward-looking statements contained herein to reflect any change in expectations, even as new information becomes available.

Accolade Announces Preliminary Results for Fourth Quarter and Full Year of Fiscal Year 2021

Seattle, WA, March 23, 2021 – Accolade, Inc. (Nasdaq: ACCD) today provided preliminary unaudited financial results for the fiscal fourth quarter and year ended February 28, 2021 (fiscal year 2021). Based on current information, the company expects to report revenue for the fiscal 2021 fourth quarter in the range of \$56.9 million to \$57.9 million and revenue for fiscal year 2021 in the range of approximately \$168.0 million to \$169.0 million. The company expects to report net loss for the fiscal 2021 fourth quarter in the range of \$(7.1) million to \$(5.6) million and net loss for fiscal year 2021 in the range of \$(53.0) million to \$(51.5) million. Adjusted EBITDA is expected to be in the range of \$0.6 million to \$2.1 million for the fiscal 2021 fourth quarter and in the range of \$(29.0) million to \$(27.5) million for fiscal year 2021.

The increase in revenue is attributable primarily to growth in customers and member count and achievement of performance-related revenue. Improvement in Adjusted EBITDA is attributable primarily to the increase in revenue and lower than planned spending and hiring as a result of the Covid-19 pandemic. Accolade expects to report full financial results for the quarter and year ended February 28, 2021 on May 5, 2021 after market close.

Set forth in this release are certain estimated preliminary financial results for the fourth quarter and fiscal year ended February 28, 2021. These estimates are based on the information available to us at this time. Our actual results may vary from the estimated preliminary results presented here due to the completion of our financial closing procedures, final adjustments and other developments that may arise between now and the time the financial results for the fiscal year ended February 28, 2021 are finalized. The estimated preliminary financial results have not been audited or reviewed by our independent registered public accounting firm. These estimates should not be viewed as a substitute for our full interim or annual financial statements. Accordingly, you should not place undue reliance on this preliminary data.

Accolade preliminary results
(totals in millions, unaudited)

	Three months ended February 28,2021		Fiscal year ended February 28, 2021	
	Low	High	Low	High
Revenue	\$ 56.9	\$ 57.9	\$ 168.0	\$ 169.0
Net Loss	\$ (7.1)	\$ (5.6)	\$ (53.0)	\$ (51.5)
Adjusted EBITDA	\$ 0.6	\$ 2.1	\$ (29.0)	\$ (27.5)

Reconciliation of Net Loss to Adjusted EBITDA, a non-GAAP measure

	Three months ended February 28, 2021		Fiscal year ended February 28, 2021	
	Low	High	Low	High
Net Loss	\$ (7.1)	\$ (5.6)	\$ (53.0)	\$ (51.5)
Adjusted for:				
Interest expense, net	--	0.1	3.7	3.8
Income tax provision	(0.1)	0.1	--	0.2
Depreciation and amortization	2.0	2.2	8.1	8.3
Stock-based compensation	2.7	3.7	9.0	10.0
Acquisition and integration-related costs	1.9	2.2	1.9	2.2
Other expense	1.2	(0.6)	1.3	(0.5)
Adjusted EBITDA	\$ 0.6	\$ 2.1	\$ (29.0)	\$ (27.5)

Adjusted EBITDA is a non-GAAP financial measure that we define as net loss adjusted to exclude interest expense (net), income tax expense (benefit), depreciation and amortization, stock-based compensation, acquisition and integration-related costs and other expense. 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 EBITDA has certain limitations, including that it excludes 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. Adjusted EBITDA 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 Adjusted EBITDA, you should be aware that in the future we expect to incur expenses similar to the adjustments in this presentation. Our presentation of Adjusted EBITDA 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 Adjusted EBITDA alongside other financial performance measures, including net loss set forth in the reconciliation tables above and our other GAAP results.

About Accolade

Accolade provides personalized health and benefits solutions designed to empower every person to live their healthiest life. Accolade helps millions of people and their employers navigate the complexities of the healthcare system with empathy, expertise and through exceptional service while supporting them in lowering the cost of care and improving health outcomes. Accolade blends technology-enabled health and benefits solutions, specialized support from Accolade Health Assistants® and Clinicians and access to expert medical opinion services for high-cost treatment decisions. Accolade consistently receives consumer satisfaction ratings over 90 percent. For more information, visit Accolade on LinkedIn, Twitter, Instagram and Facebook and at www.accolade.com.

Forward-Looking Statements

This release contains 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, and the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements include statements regarding our future growth and our financial outlook. Forward-looking statements are subject to risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “likely,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will,” “would,” or similar expressions and the negatives of those terms.

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 risks described under the heading “Risk Factors” in Accolade’s most recently filed Quarterly Report on Form 10-Q, which should be read in conjunction with any forward-looking statements. All forward-looking statements in this press release are based on information available to Accolade as of the date hereof, and it does not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made, except as required by law.
