



Accolade Investor Presentation

October 2021

NASDAQ: ACCD



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, 2021, Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2021 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.



Our Mission

Our mission is to empower people through expertise, empathy, and technology to make the best decisions for their health and well-being.

Our Vision

Our vision is every person living their healthiest life.





We believe:

Healthcare is a
human
experience



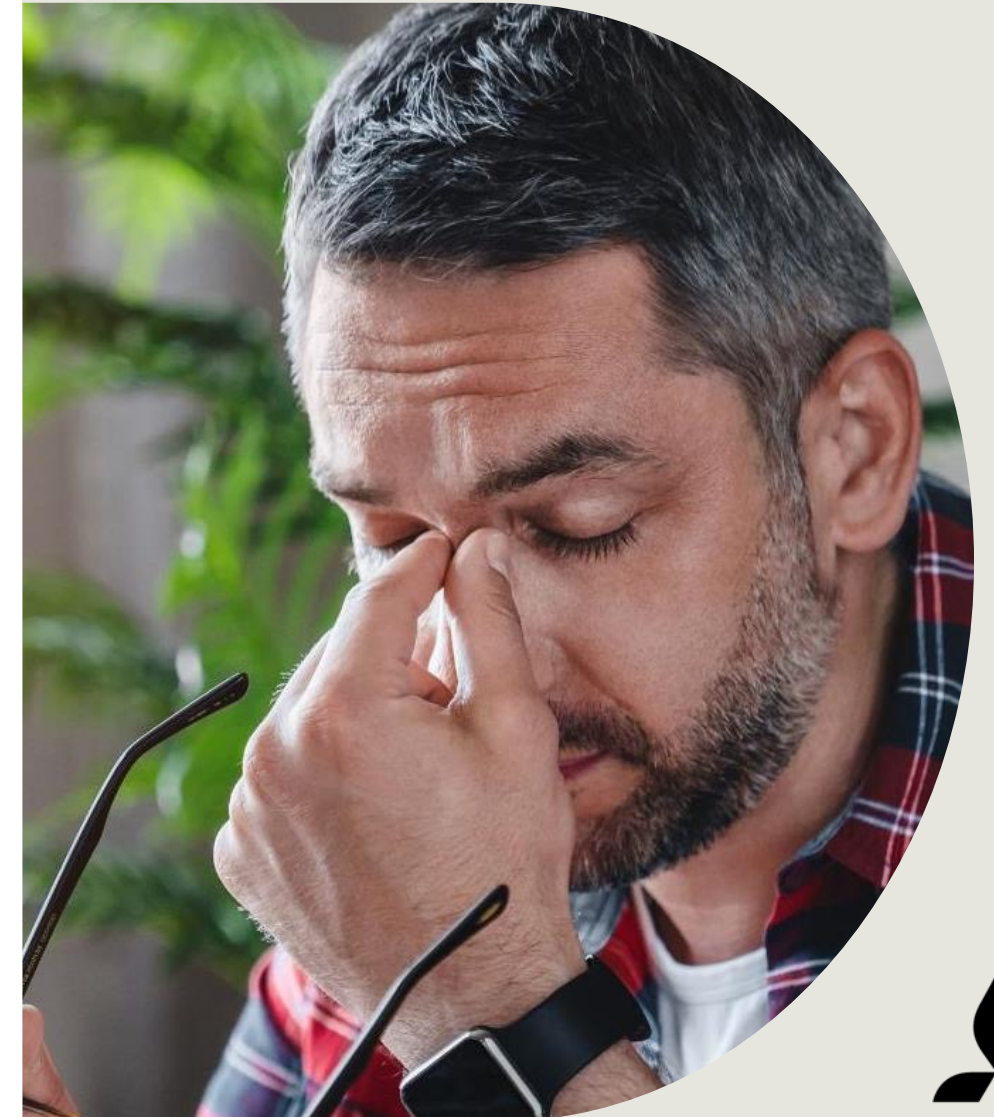
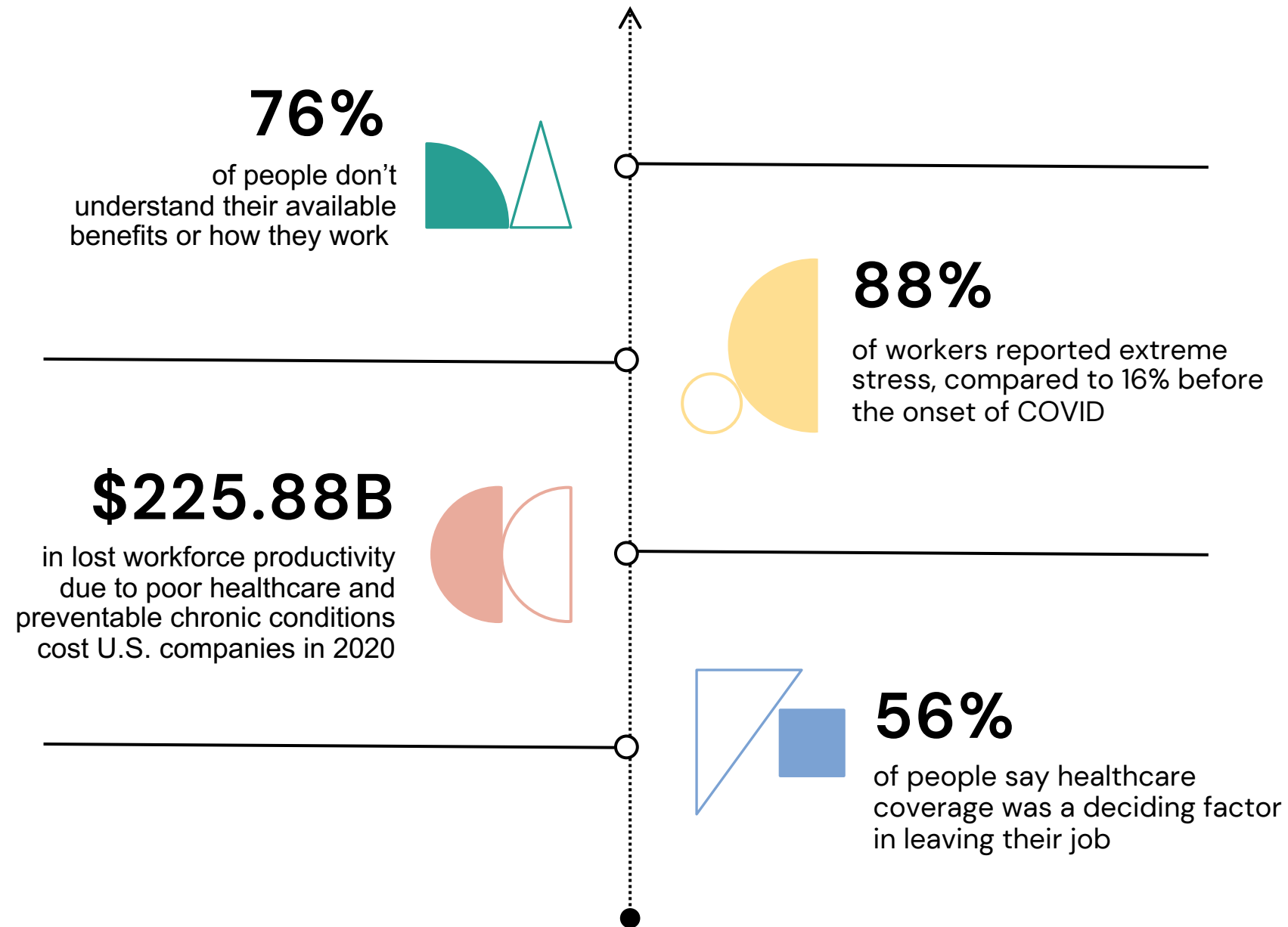


We believe:

Value-based
care over
transactional
care



The Cost of a Poor Healthcare Experience



The healthcare system isn't designed for experience.

The healthcare we have

Transactional

Disempowering

Opaque

Biased

Wasteful

The healthcare we need

Holistic

Human centered

Inclusive

Data driven and personalized

Value based



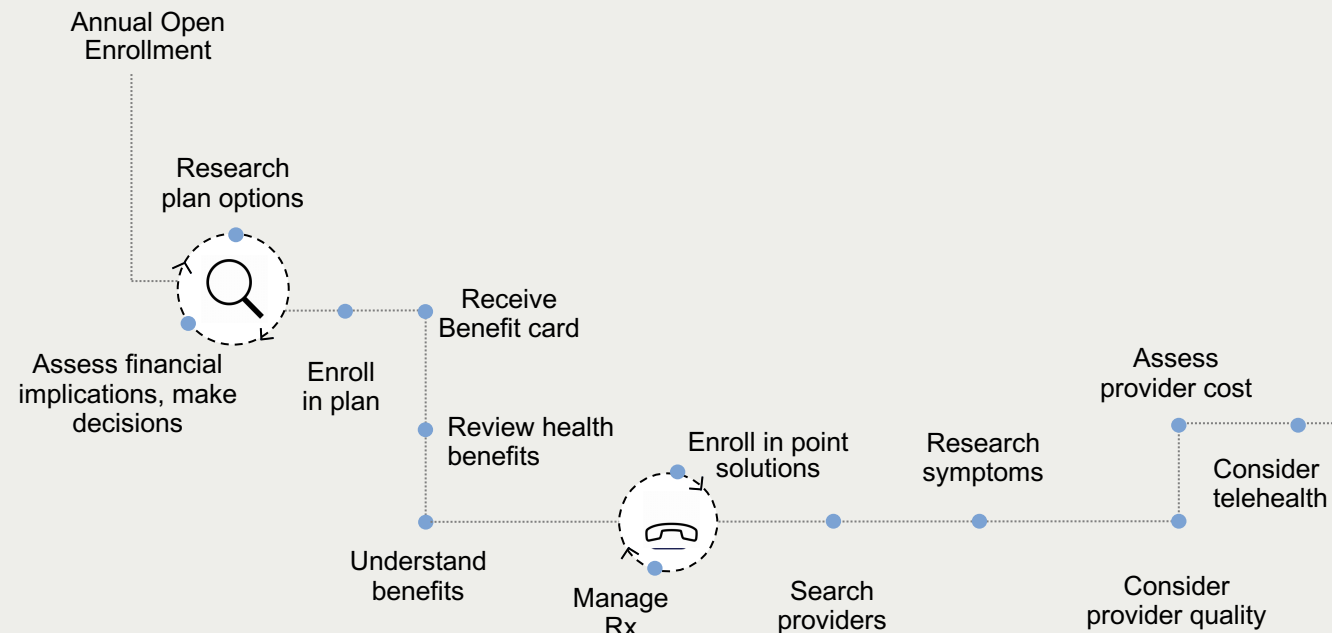
Personalized Healthcare

Personal | Data Driven | Value Based

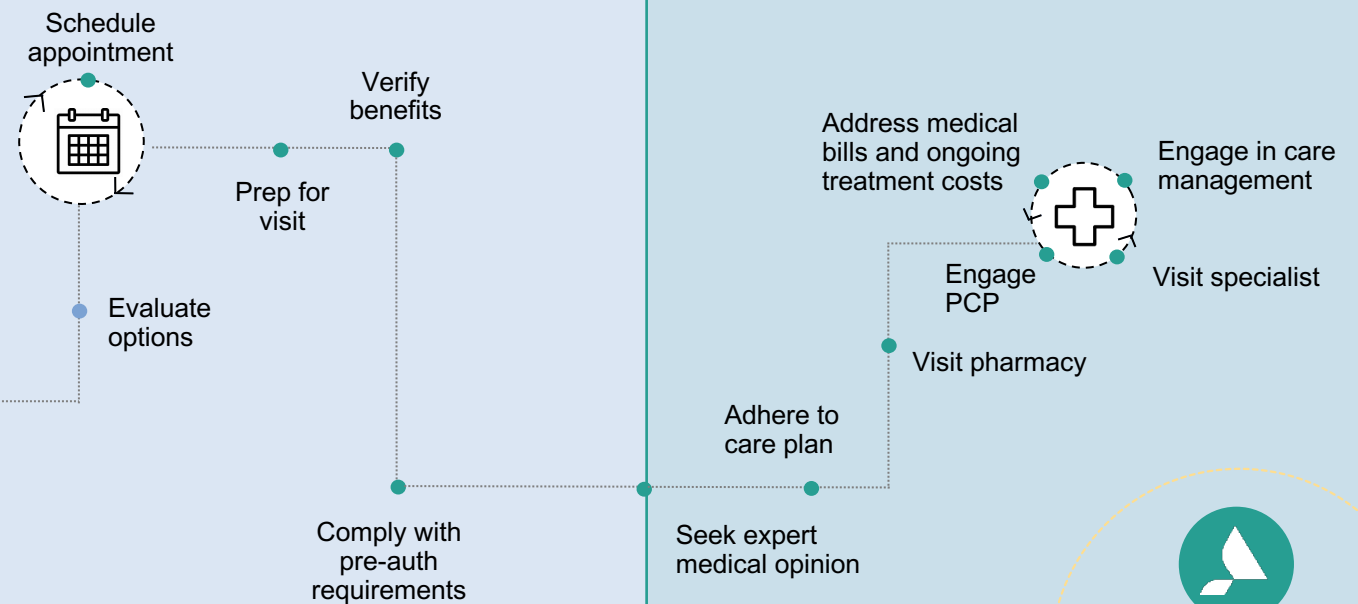


Delivering Value Across the Entire Healthcare Journey

Benefits Education, Utilization and Engagement



Provider Selection, Care Delivery and Support



Accolade Solutions

Accolade Care

Same-day access to virtual primary and mental healthcare to address needs holistically

Accolade Expert MD

Real-time expert consultations for members facing high impact conditions

Accolade Advocacy

Personalized, trusted guidance and education for all benefits and clinical needs

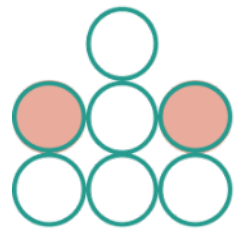
Accolade One

Value-based care that deeply integrates advocacy, virtual primary care, expert medical opinion and clinical programs

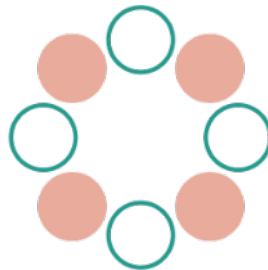


A Truly Powerful, Personalized Healthcare Platform

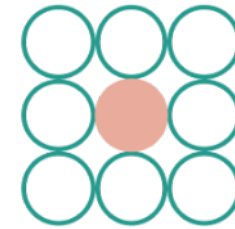
Personal | Data Driven | Value Based



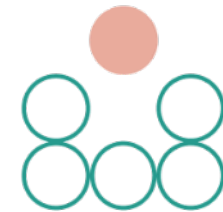
24/7 Care Team
It's a long-term
relationship.



Care EQ
Building trust.



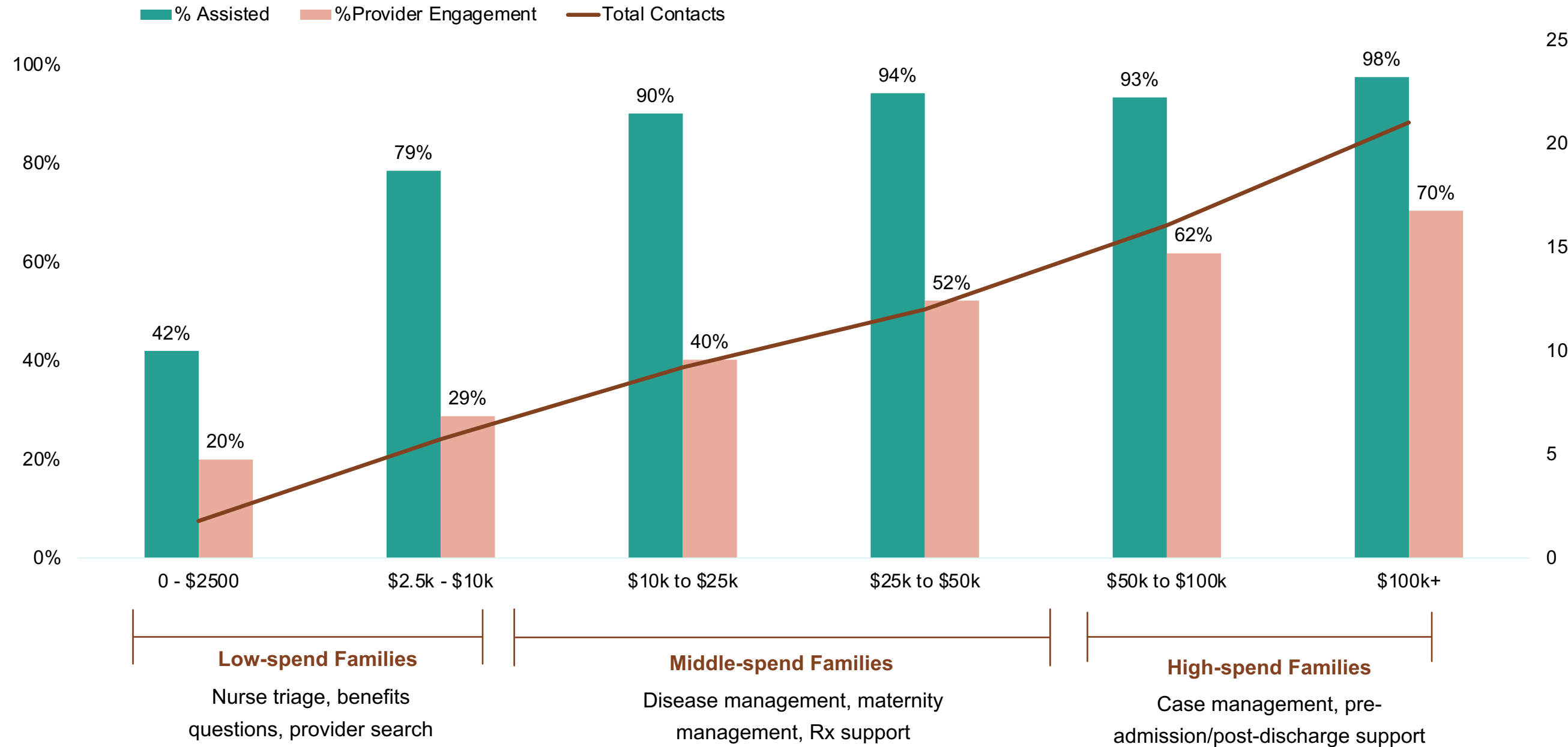
True Health Engine
The right data.



True Health Action Plan
The right next steps.

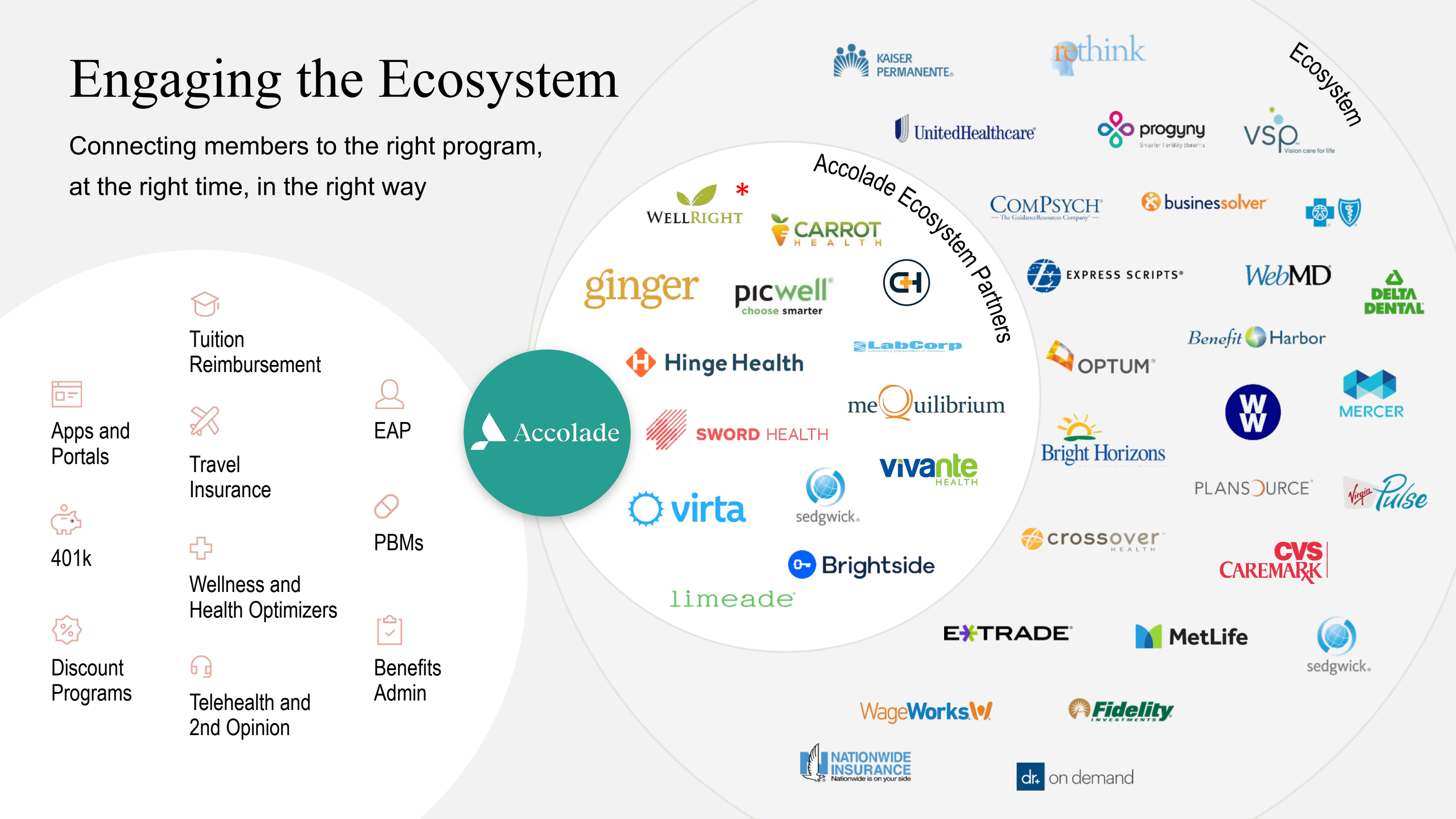


Engaging Members and Providers

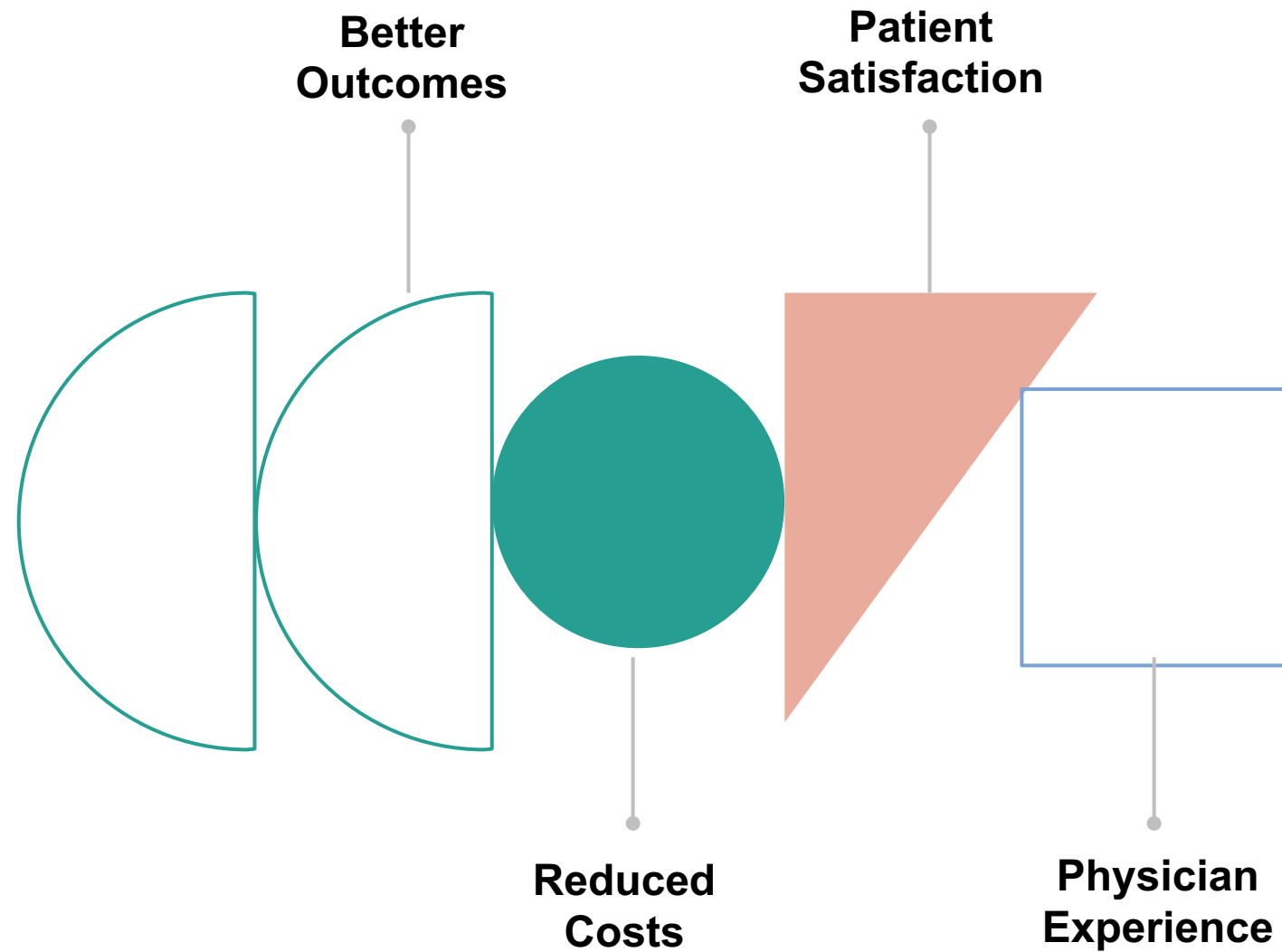


Engaging the Ecosystem

Connecting members to the right program,
at the right time, in the right way



Quadruple Aim



At Accolade, we're improving clinical outcomes, lowering healthcare costs, improving patient satisfaction, and improving care team and clinician satisfaction.



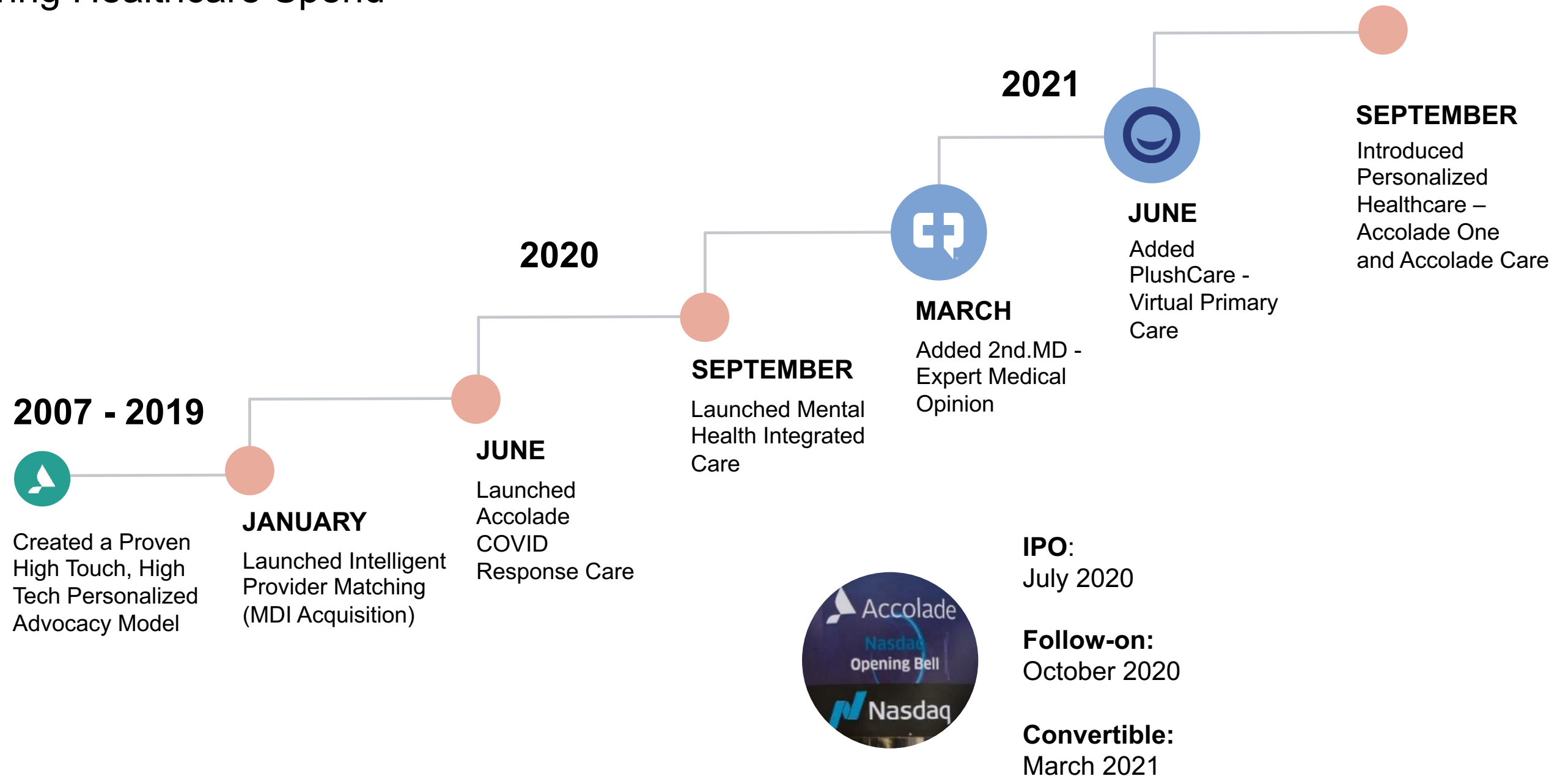


The Future

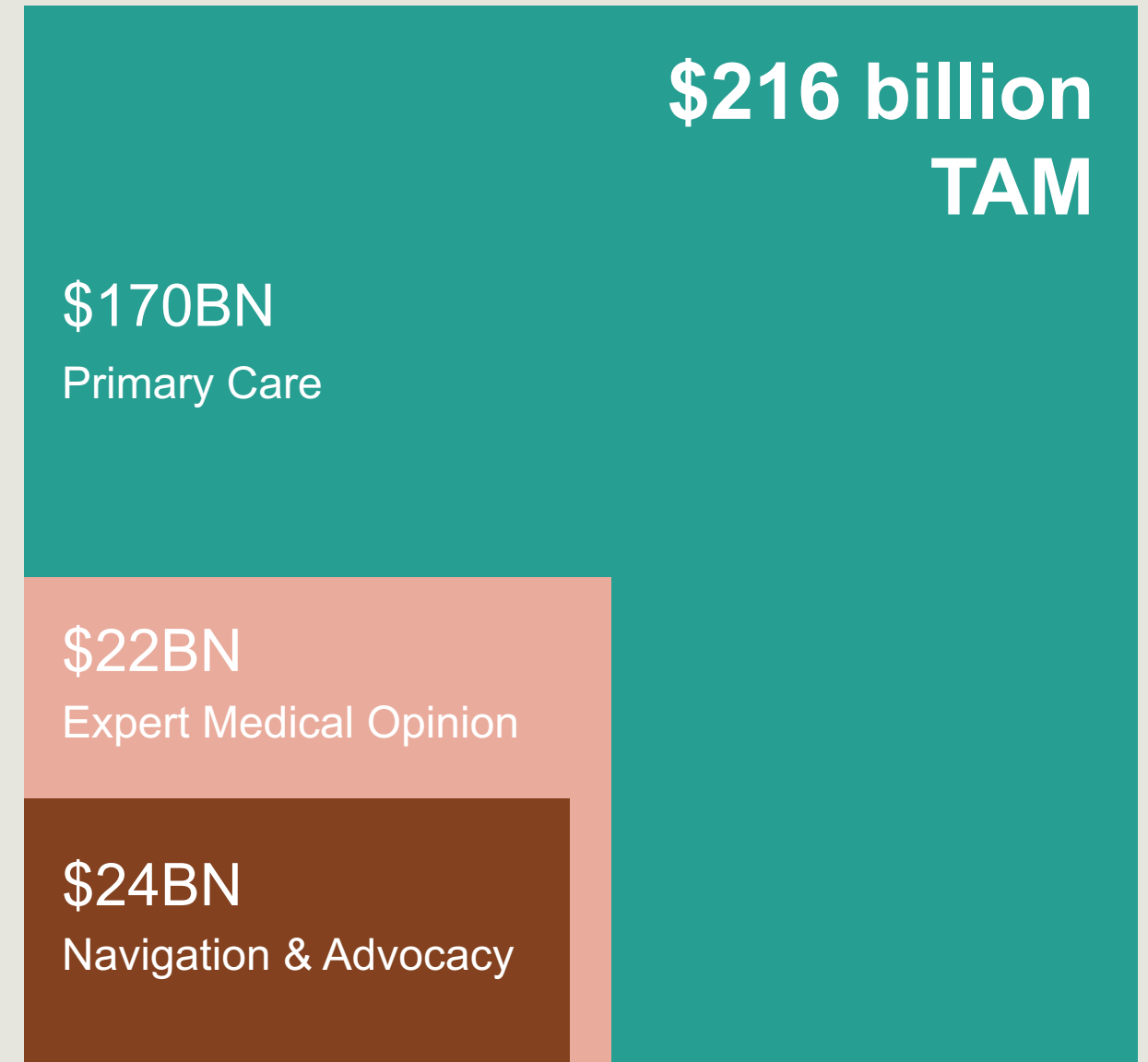
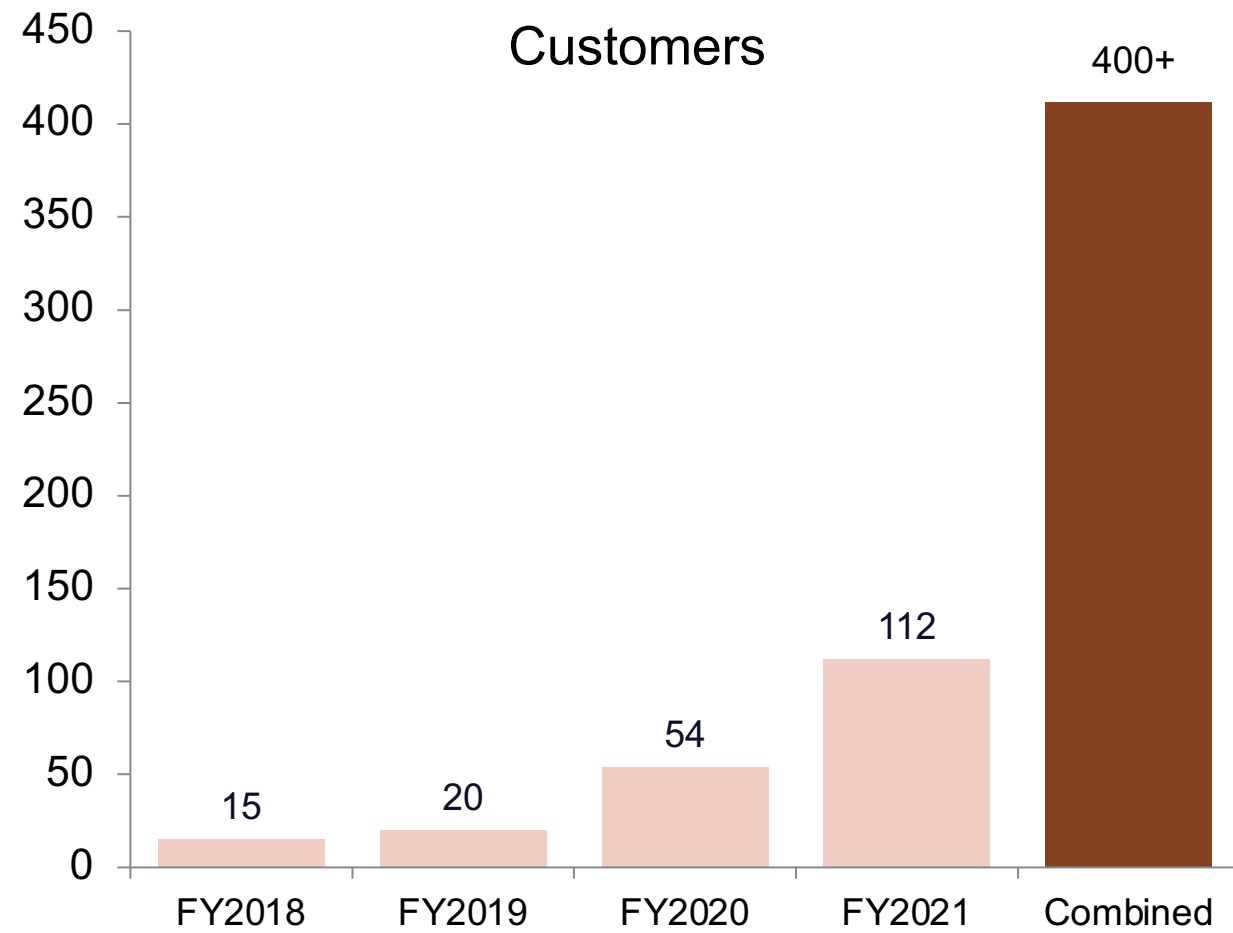


Accelerating Accolade's Clinical Innovation

Lowering Healthcare Spend



Significantly Expanded Addressable Market



Compelling Growth Strategy

Grow customer base	Further penetrate our market of 30,000+ self- and fully insured employers
Retain and expand customer relationships	Grow relationships especially through the sale of new solutions, and add-on services such as Virtual Primary Care and Expert Medical Opinion
Continue to innovate	Leverage machine learning, predictive analytics, and multimodal communication to generate efficiencies and better outcomes, while introducing new solutions – Accolade Care, Accolade Expert MD and Accolade One
Grow into adjacent markets	Our evolution into Accolade’s new category of Personalized Healthcare opens the door to new opportunities, especially with government-sponsored healthcare plans, such as TRICARE, Medicare, Medicaid
Expand partnerships	Establish partnerships that complement our solutions and extend capabilities and/or improve distribution
Pursue strategic M&A	Capitalize on Accolade’s position as a natural platform for consolidation given our strategic relationships with employers, member engagement model, open technology architecture, and scale



Financials



Financial Highlights

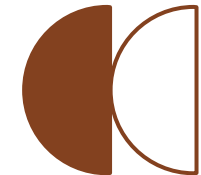
ARR Bookings driving substantial revenue growth

29% revenue growth rate FY2020 to FY2021; Ended FY21 with \$211mm ACV



PMPM recurring revenue model provides significant revenue visibility

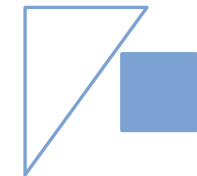
Multi-year contracts with base + performance-based PMPM fees; demonstrated renewals



Adjusted Gross Margin expansion provides path to profitability

Delivering Cost of Revenue improvements via tech-driven efficiencies

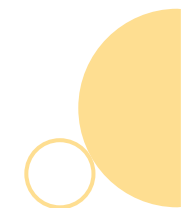
Higher margin product offerings and ecosystem partners leverage tech platform



Investments in Sales & Marketing and Product & Tech driving market expansion

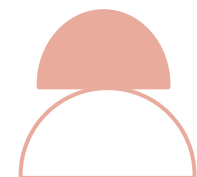
Building out enterprise and mid-market salesforce to complement strategic segment

Secure, open technology platform supports innovation including new offerings and add-ons



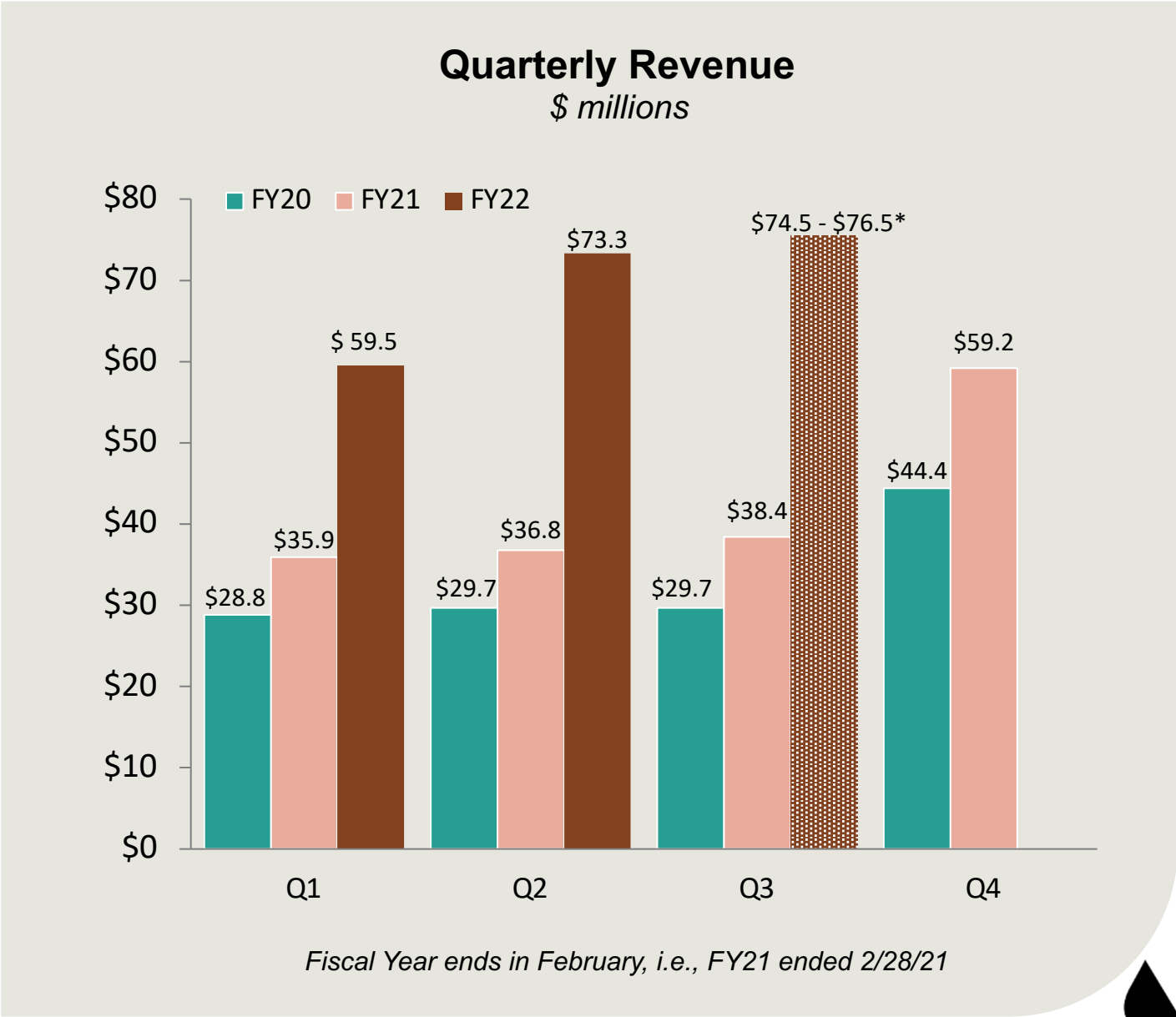
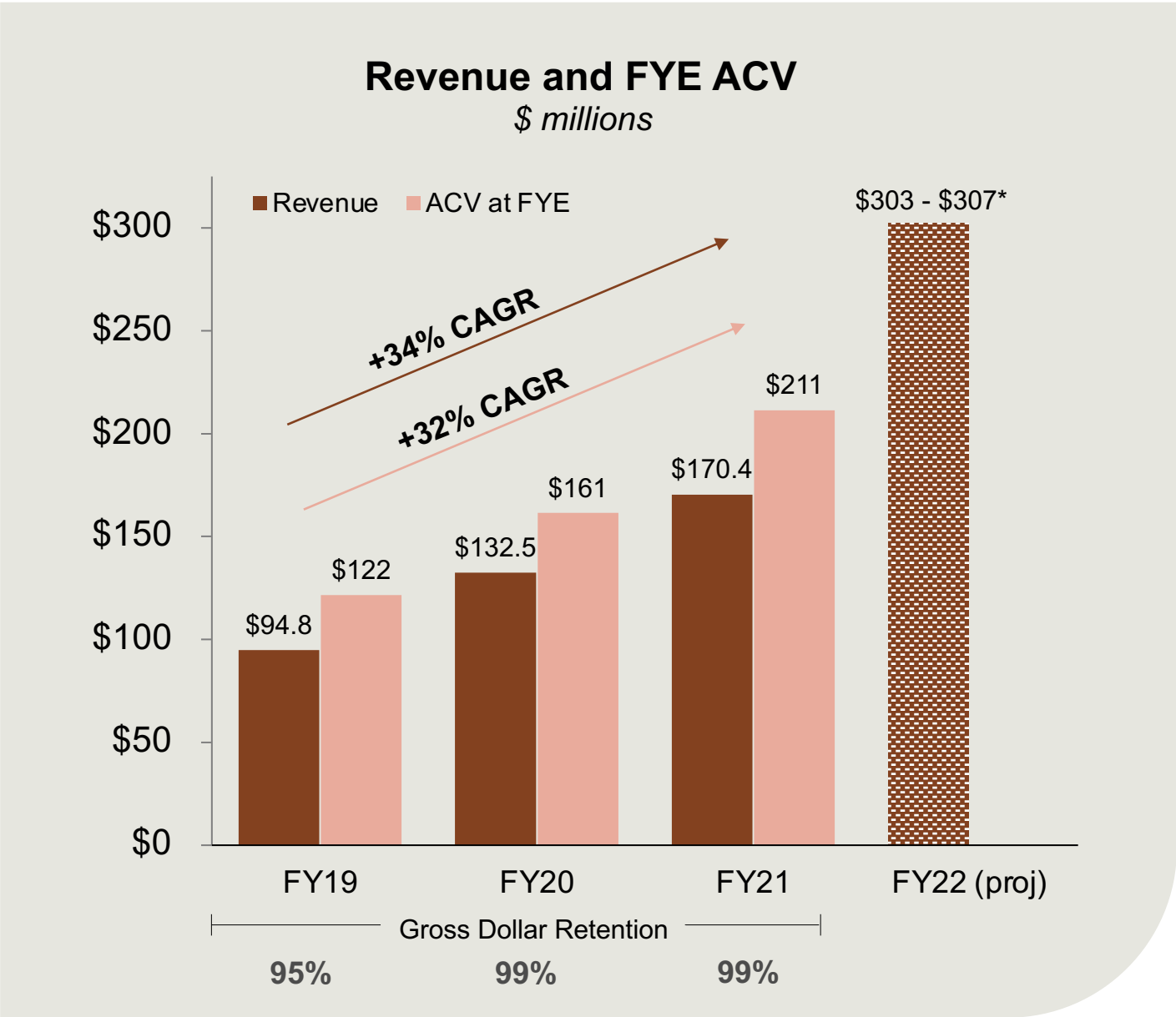
Growing Customer Diversification

Strong sales momentum and expansion of product suite supporting broader market capture



Strong Revenue Growth

Predictable, highly visible, and recurring revenue

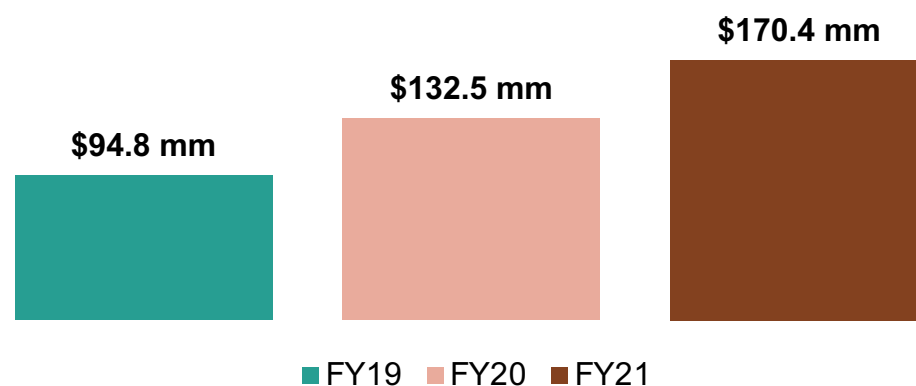


*Revenue for FY22 and Q3 FY22 represent guidance as of October 7, 2021

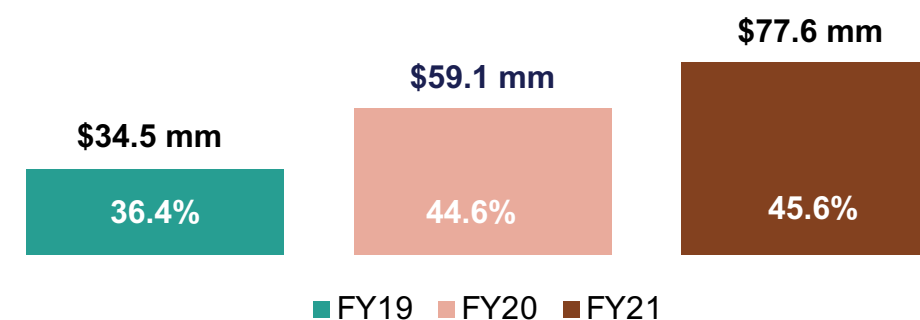


Annual Result Trends

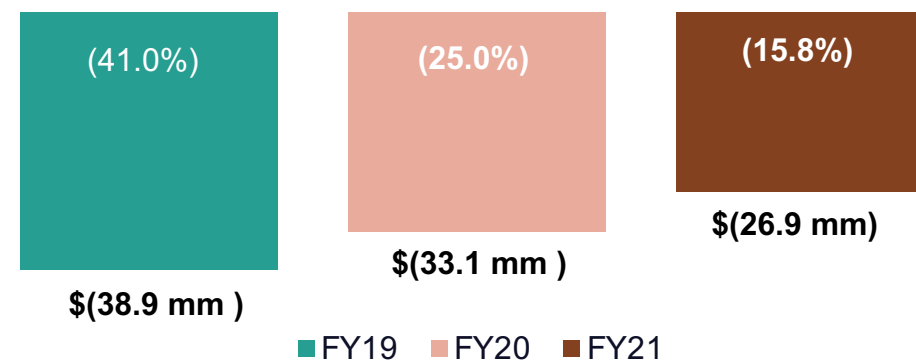
Revenue



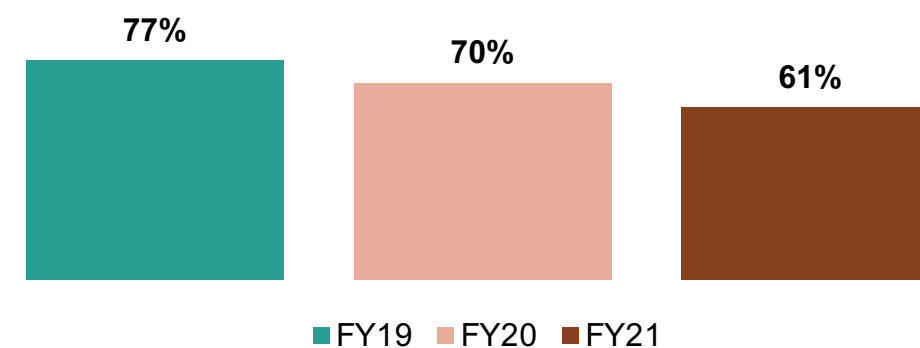
Adjusted Gross Profit and Adjusted Gross Profit Margin



Adjusted EBITDA (Loss) as a % of Revenue*



Adjusted Operating Expenses as a % of Revenue*



*Adjusted EBITDA and Adjusted Operating Expenses exclude depreciation and amortization, acquisition and integration-related costs, stock-based compensation, and change in fair value of contingent consideration.

See Appendix for disclosures and reconciliations related to preliminary results for periods ending February 28, 2021

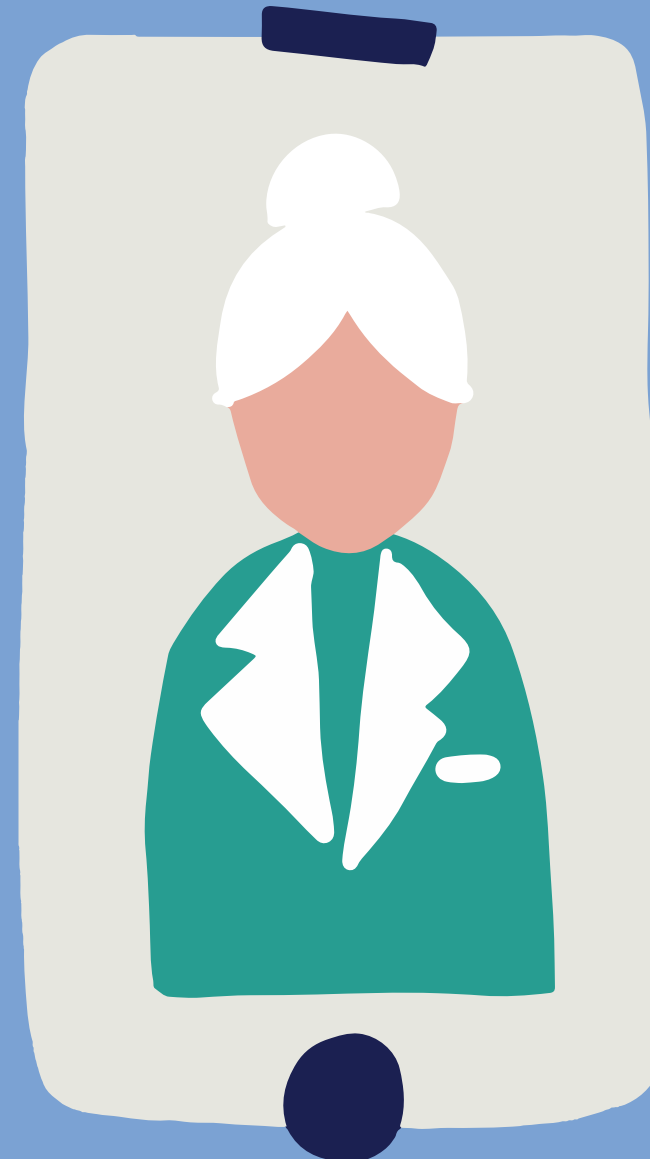


Financial Targets and Goals (Non-GAAP)

		Long-Term Goals	Commentary
Adj. Gross Margin		50-55%	Investments in technology and offering mix projected to drive GM% up
Adj. Operating Expenses	P&T as % of Rev.	13-17%	Projecting to continue to increase absolute dollar investments in Product & Tech at a decreasing rate
	S&M as % of Rev.	15-20%	As sales efficiency metrics continue to indicate investments yield attractive returns and revenue growth, expect to invest at 15-20% of revenues. As growth moderates, reduction in S&M is a lever to drive profitability
	G&A as % of Rev.	7-9%	Projecting to increase absolute dollar spend in G&A with growth, with % of revenues declining below 10% at scale
Adj. EBITDA Margin		15-20%	Expecting to drive 15-20% Adj. EBITDA margin at scale



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 other expenses. 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 (net), income tax expense (benefit), depreciation and amortization, stock-based compensation, acquisition and integration-related costs, and change in fair value of contingent consideration. 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 Gross Margin GAAP to Non-GAAP Reconciliation

	Fiscal Year Ended February 28(29),		
(\$ in thousands)	2019	2020	2021
Revenue	\$ 94,811	\$ 132,507	\$ 170,358
Less:			
Cost of revenue, excluding depreciation and amortization	(60,568)	(73,685)	(93,673)
Gross Profit, excluding depreciation and amortization	34,243	58,822	76,685
Add:			
Stock-based compensation, cost of revenue	255	318	948
Adjusted Gross Profit	\$ 34,498	\$ 59,140	\$ 77,633
Gross Margin, excluding depreciation and amortization	36.1%	44.4%	45.0%
Adjusted Gross Margin	36.4%	44.6%	45.6%



Adjusted EBITDA GAAP to Non-GAAP Reconciliation

	Fiscal Year Ended February 28(29),		
(\$ in thousands)	2019	2020	2021
Net Loss	\$ (56,496)	\$ (51,365)	\$ (50,652)
Adjusted for:			
Interest expense, net	2,374	2,925	3,724
Income tax provision	55	129	4
Depreciation and amortization	9,391	8,516	8,212
Stock-based compensation	5,721	6,002	9,576
Acquisition and integration-related costs	-	567	2,050
Other expense	90	107	147
Adjusted EBITDA	\$ (38,865)	\$ (33,119)	\$ (26,939)



Adjusted Operating Expenses Reconciliation

	Fiscal Year Ended February 28(29),		
(\$ in thousands)	2019	2020	2021
Revenue	\$ 94,811	\$ 132,507	\$ 170,358
Operating Expenses:	88,220	107,026	123,462
Less:			
Depreciation and amortization	(9,391)	(8,516)	(8,212)
Stock-based compensation	(5,721)	(6,002)	(9,576)
Acquisition, integration-related costs and other	-	(567)	(2,050)
Adjusted Operating Expenses	\$ 73,108	\$ 91,941	\$ 103,624
<i>Adjusted Operating Expenses as a % of Revenue</i>	<i>77%</i>	<i>69%</i>	<i>61%</i>





Accolade

PERSONALIZED HEALTHCARE