



Accolade Inc.

Investor Presentation

October 2023

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, 2023, Quarterly Report on form 10-Q for the quarter ended August 31, 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*



An imperfect system

The healthcare system is **reactive**

Healthcare access is **inadequate**

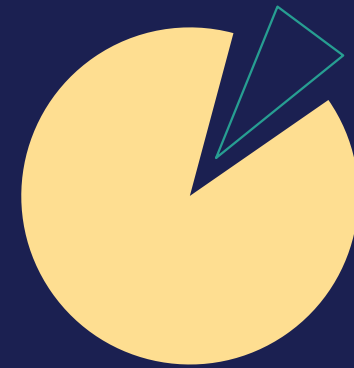
Investments alone **aren't improving**
the experience



75%

of healthcare spending
is on chronic health
conditions*

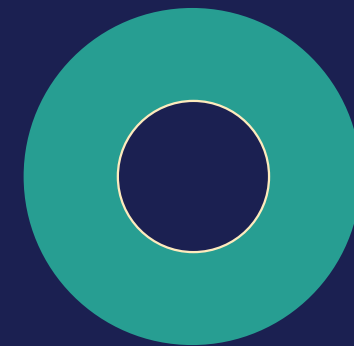
* cdc.gov



80%

of the US lacks adequate
access to healthcare*

* goodrx.com



\$29B

in digital health startup
investment in 2021, more
than 3X the 2019 level*

* Rock Health



A Truly Powerful, Personalized Healthcare Platform

Personal | Data Driven | Value Based

Accolade Advocacy

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

Accolade Expert MD

Real-time expert consultations for members facing high impact conditions

Accolade Care

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

Trusted Partners

Leveraging Accolade's core competencies to improve access to and the efficacy of good innovation



A differentiated service

**Flawless
experience**

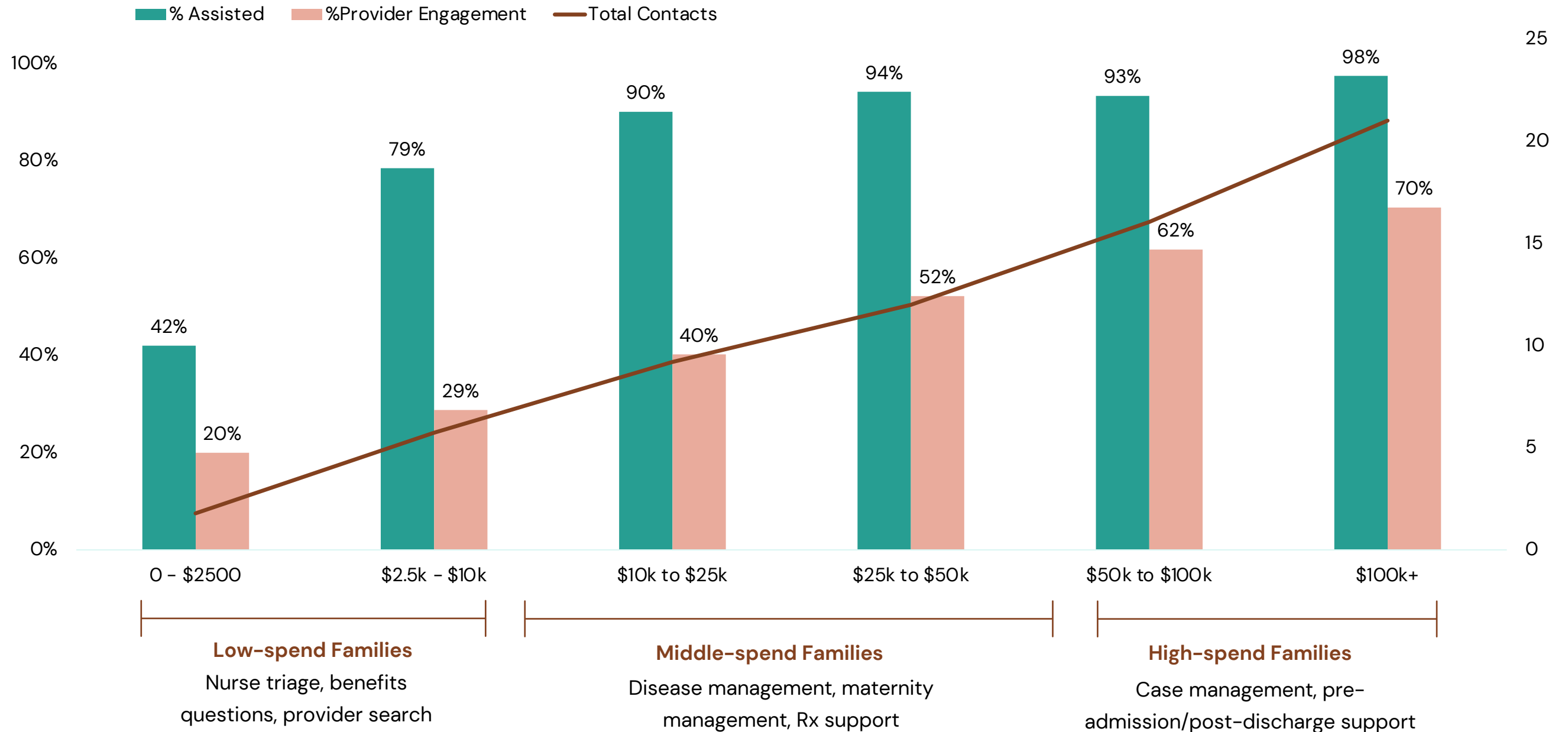
**Clinical
population
health strategy**

Scale

**Ecosystem
collaboration**



Engagement and Clinical Approach Drives Results



Accolade is Engineered to Care

Predictive
Engagement



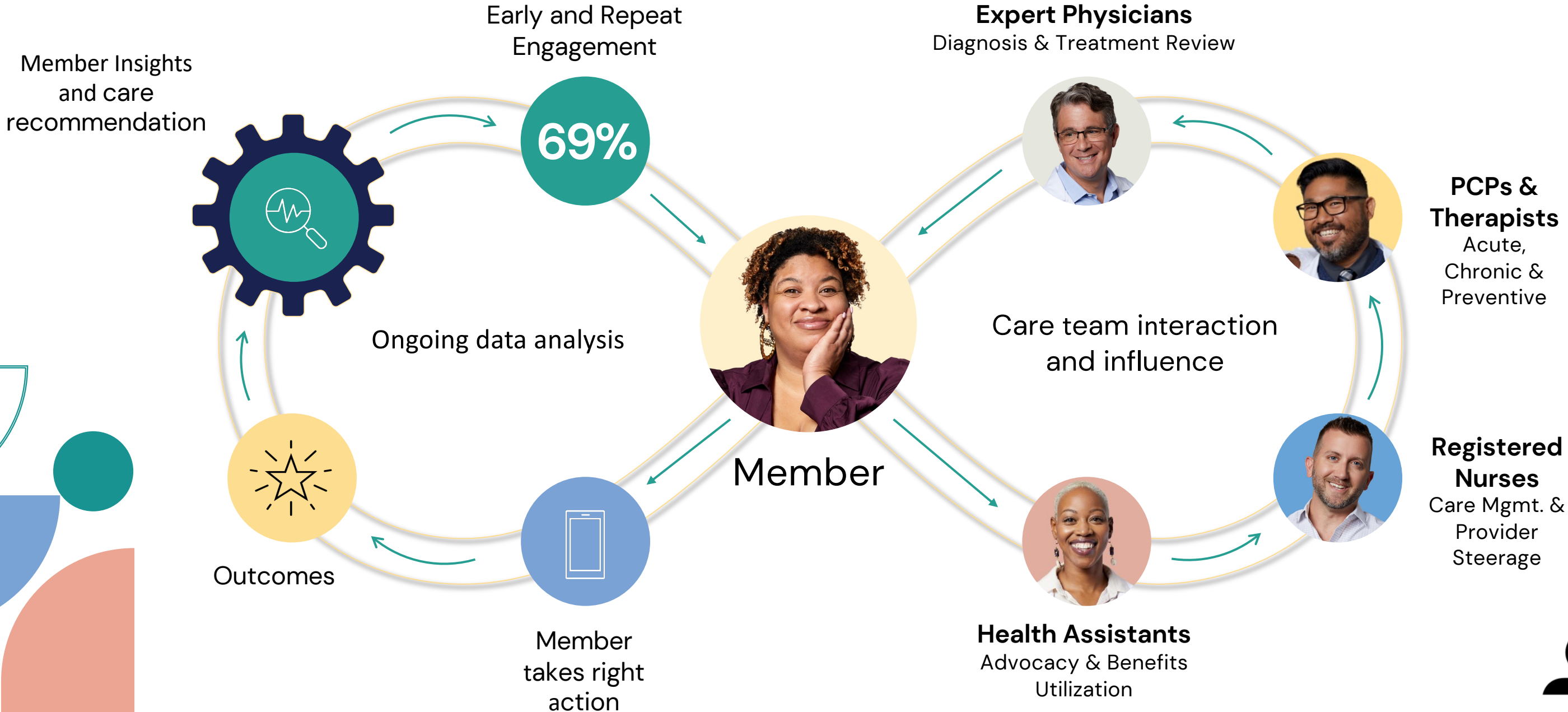
Proactive
Care

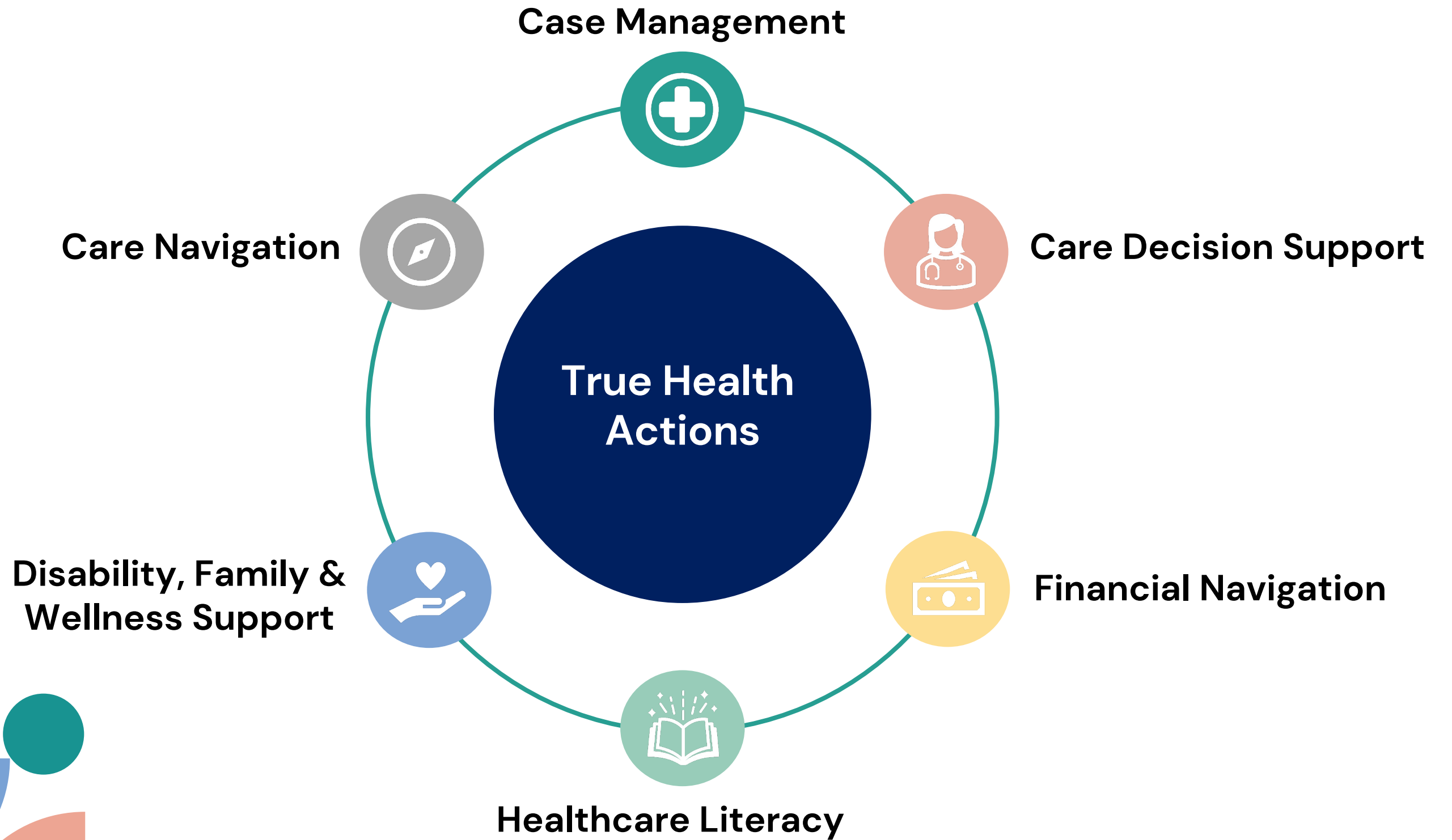


Addressing
Barriers



Engineered to Care Technology and People Deliver





True Health Actions Drive Personalized FLCT Experience

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

The screenshot displays a user interface for a member named John Dale (DOB: 03/22/1992). The interface includes a navigation bar with options like 'The Horn & Bulletin', 'HIPAA', 'Actions to Take', 'Profile', 'Benefits', 'Claims', 'Provider', 'Care', 'History', and 'Wrap'. A 'Notes' button is also present.

John Dale

Need to know

- Health Snapshot** (highlighted with a red box and labeled 'A')
 - Clinical Risk Level: High Risk
 - Chronic Conditions: Chronic pain, stiffness of right knee, obesity, and osteoarthritis
 - Medications (past 6 months): 8 different medications filled
 - [View more](#)
- Alerts** (highlighted with a green box and labeled 'B')
 - OON usage**: This member has recently used an OON provider
 - Unnecessary ER visits**: Educate Member on urgent care and alternatives to emergency room.
 - Preferred language**: Member prefers to primarily speak Spanish

Member account details

- Date of registration: 06/26/21
- Last mobile login: 08/15/22
- Last member portal login: 08/15/22
- [Member forgot password](#)
- HIPAA must be verified before button becomes enabled.

True health actions (highlighted with a green box and labeled 'C')

Primary Recommendation	Next step actions
Warm transfer member to Accolade's EMO Intake Coordinator	Action outcome: Select
Enroll member into Musculoskeletal Program (MSK)	Action outcome: Select
Revised Virtual PCP Example (specifically PlushCare)	Action outcome: Select

Current reasons & tasks

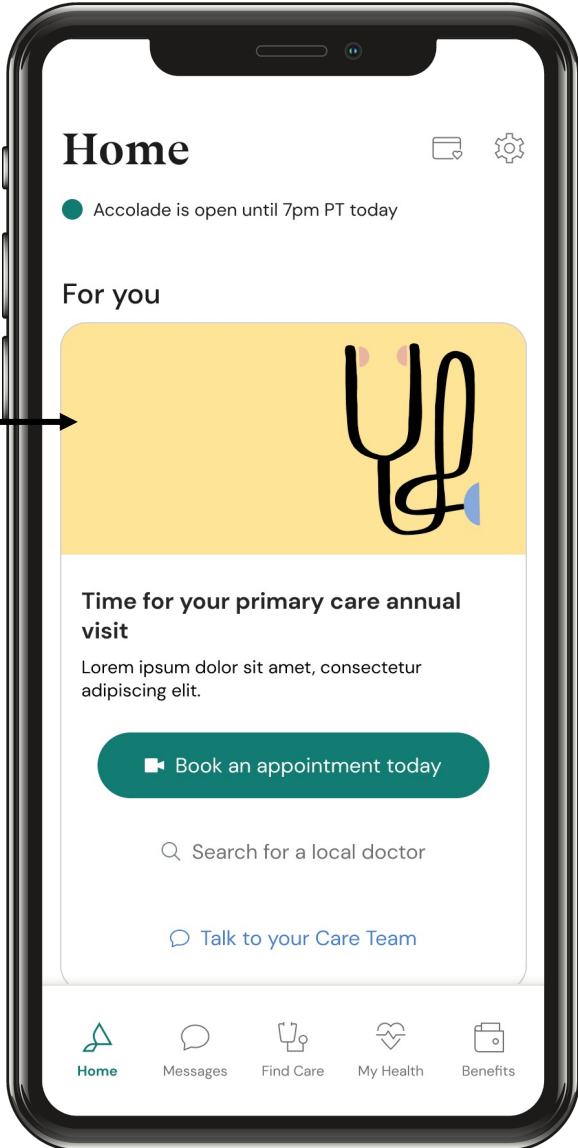
- Benefit question
- Open Tasks (2)

Unresolved reasons & tasks

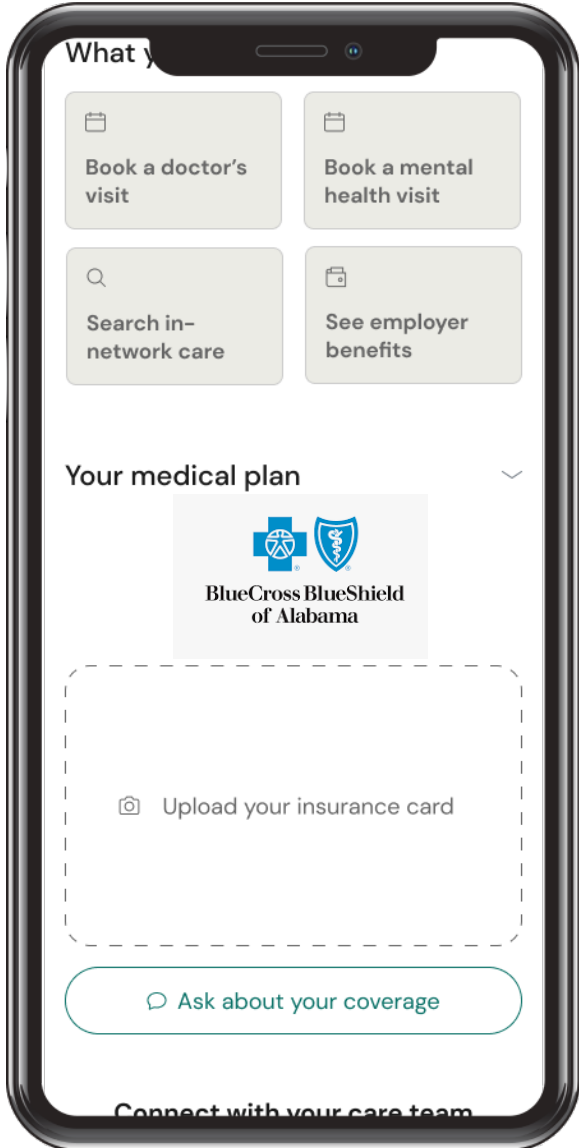
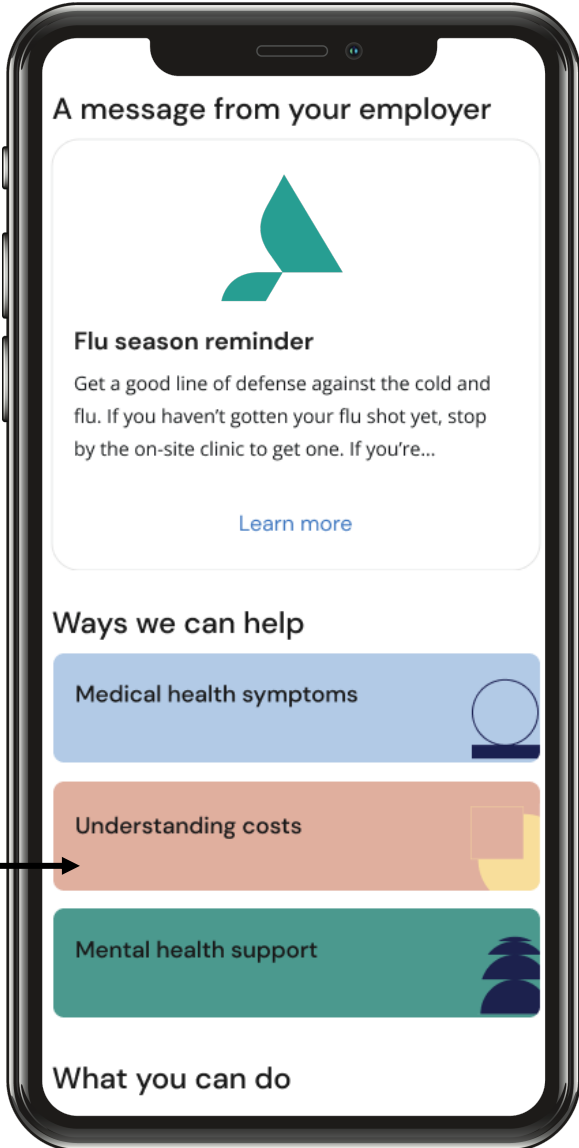
- Claims question
- Open Tasks (1)

True Health Actions Create a Personalized Digital Experience

Accolade Driven user need
"For you"
Support call(s) to action
(True Health Actions)



Member Driven user need
"Ways we can help"
Bring User Need resolution paths to front



Accolade's Advantages for the Healthcare Ecosystem



Customers' Carriers (representative)



CARROT



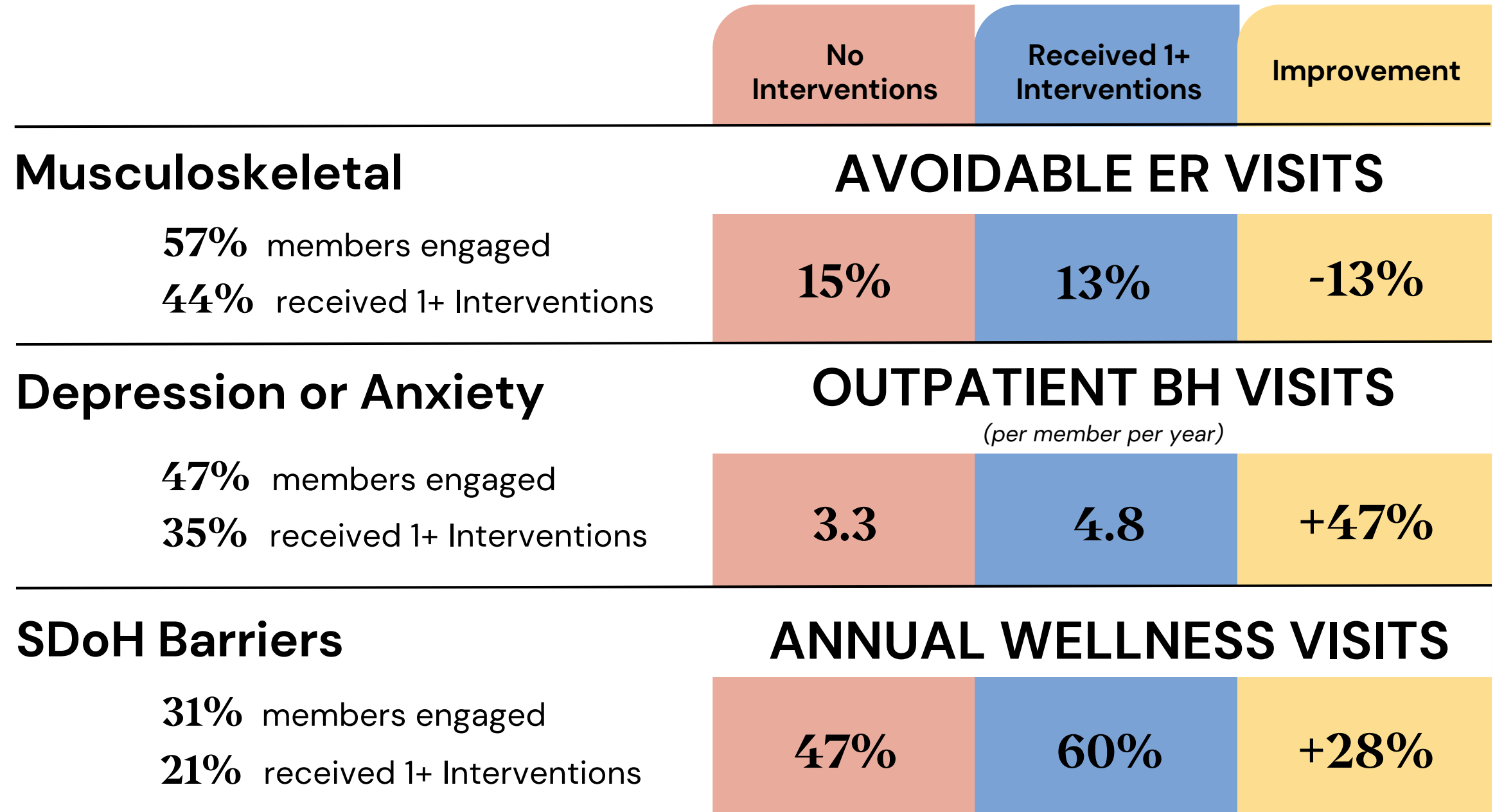
Trusted Partner Ecosystem



Ecosystem



Improved Outcomes Across Conditions



Compelling Growth Strategy

Grow customer base	Underpenetrated market of 30,000+ self- and fully insured employers
Retain and expand customer	Grow relationships through add-on sales such as Accolade Care, Accolade Expert MD, TPE
Continue to innovate	Leverage generative AI, machine learning, predictive analytics, and multimodal communication to generate efficiencies and better outcomes, while introducing new solutions
Grow into adjacent markets	Open the door to new opportunities, such as health plan virtual first offerings and government-sponsored healthcare plans
Expand partnerships	Grow partnerships with health plans and other healthcare innovators that complement our solutions and extend capabilities and/or improve distribution
Pursue strategic M&A	Capitalize on Accolade's position as a consolidation platform given our strategic relationships with employers, member engagement model, open technology architecture, and scale



Financials



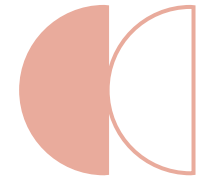
Platform built for Growth, Scale & Profitability



Strategic hub for personalized healthcare driving customer ROI



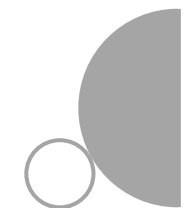
Growth driven by differentiated revenue mix addressing large TAM



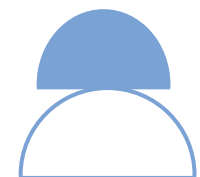
High revenue visibility and customer diversification



Integrated platform enables scale, utilization, and margin expansion



Clear path to profitability driven by growth, technology, and operating leverage



Accelerating Accolade's Innovation

Continuous investment in clinical transformation and operational excellence



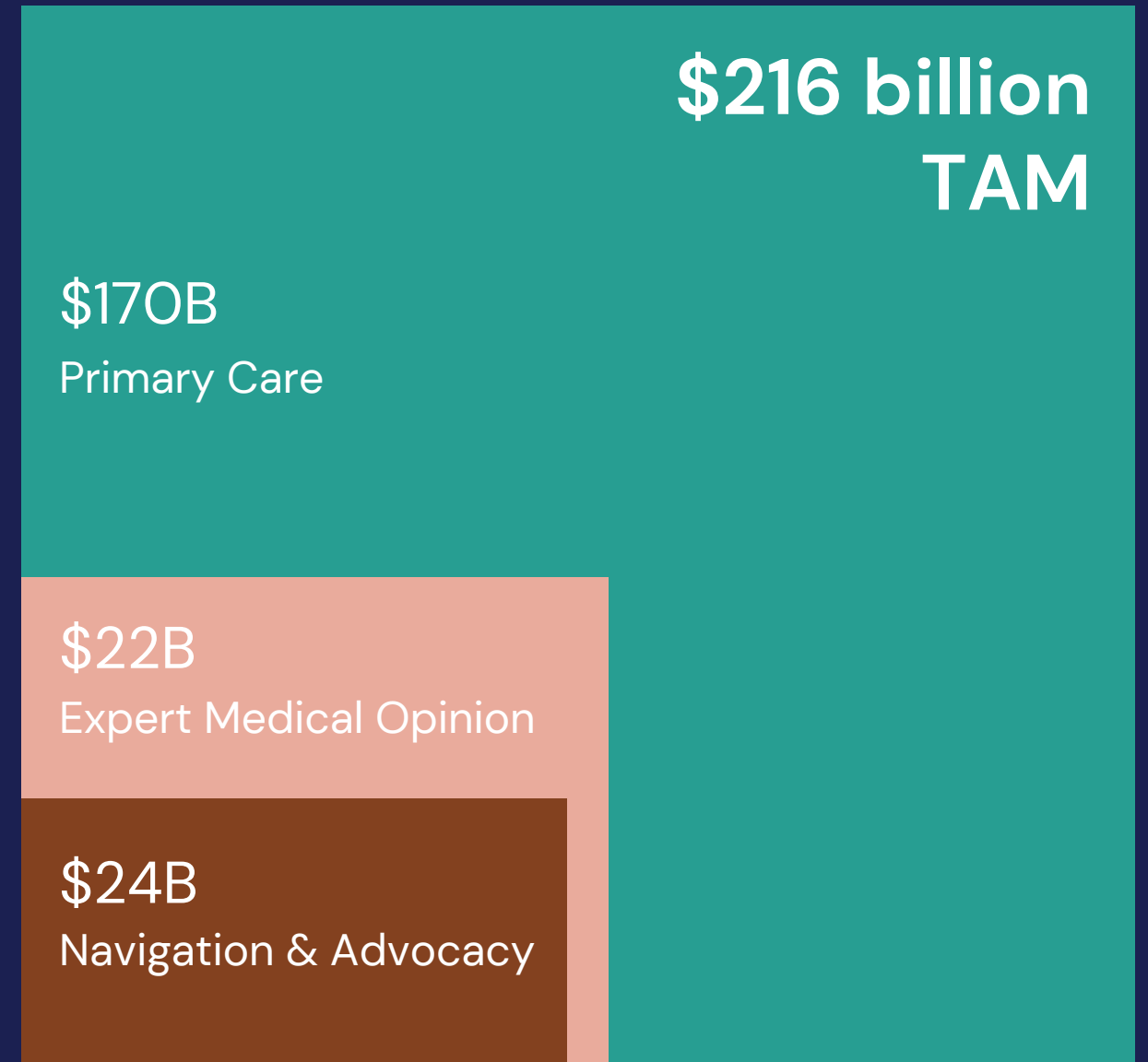
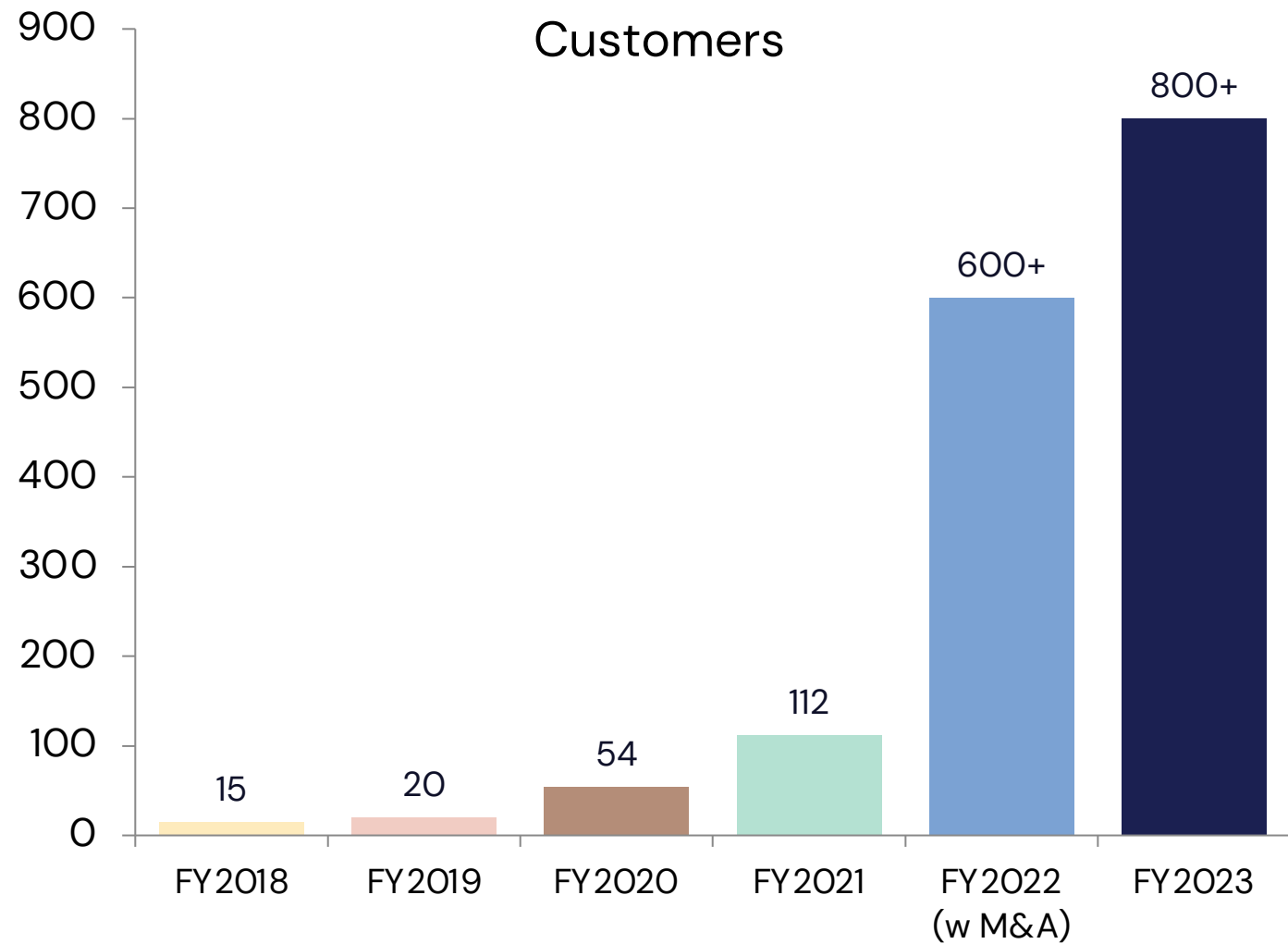
IPO • July 2020

Follow-on • October 2020

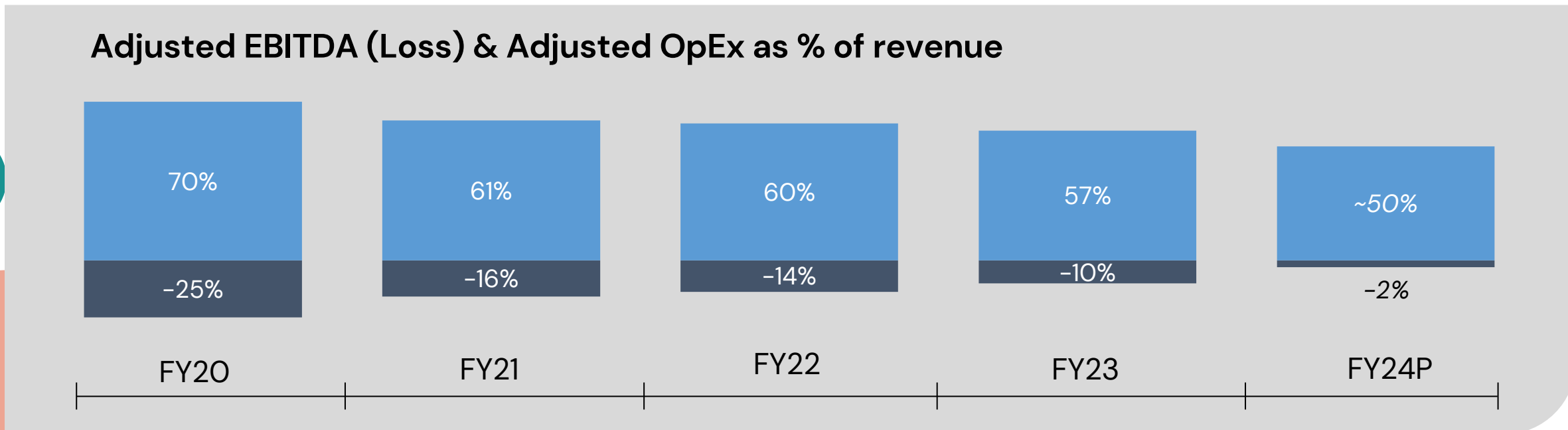
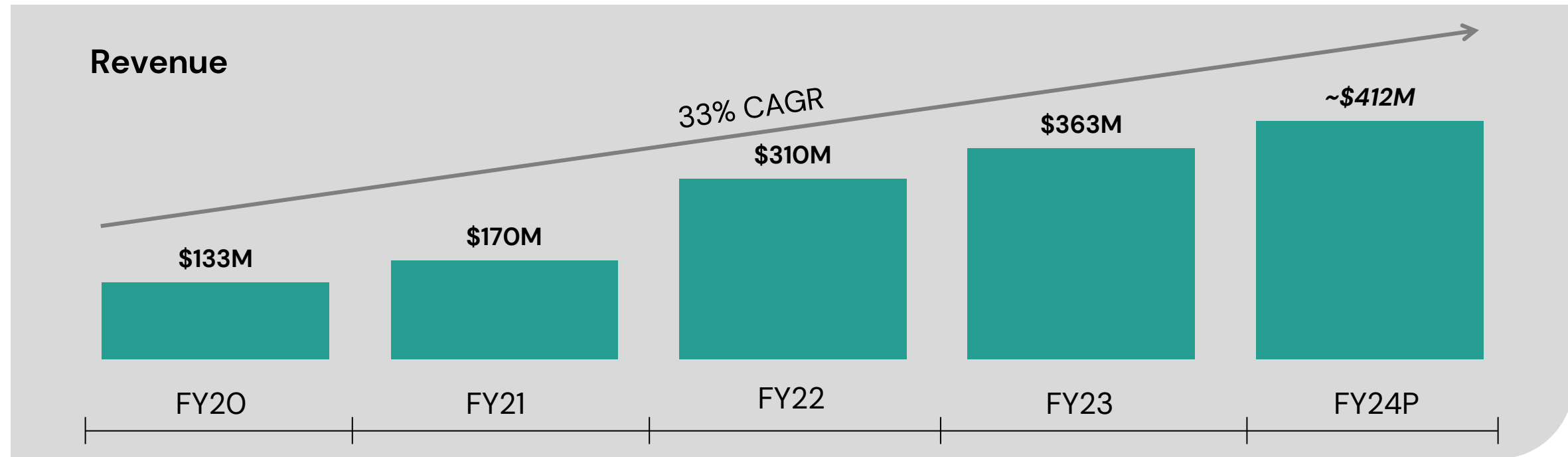
Convertible • March 2021



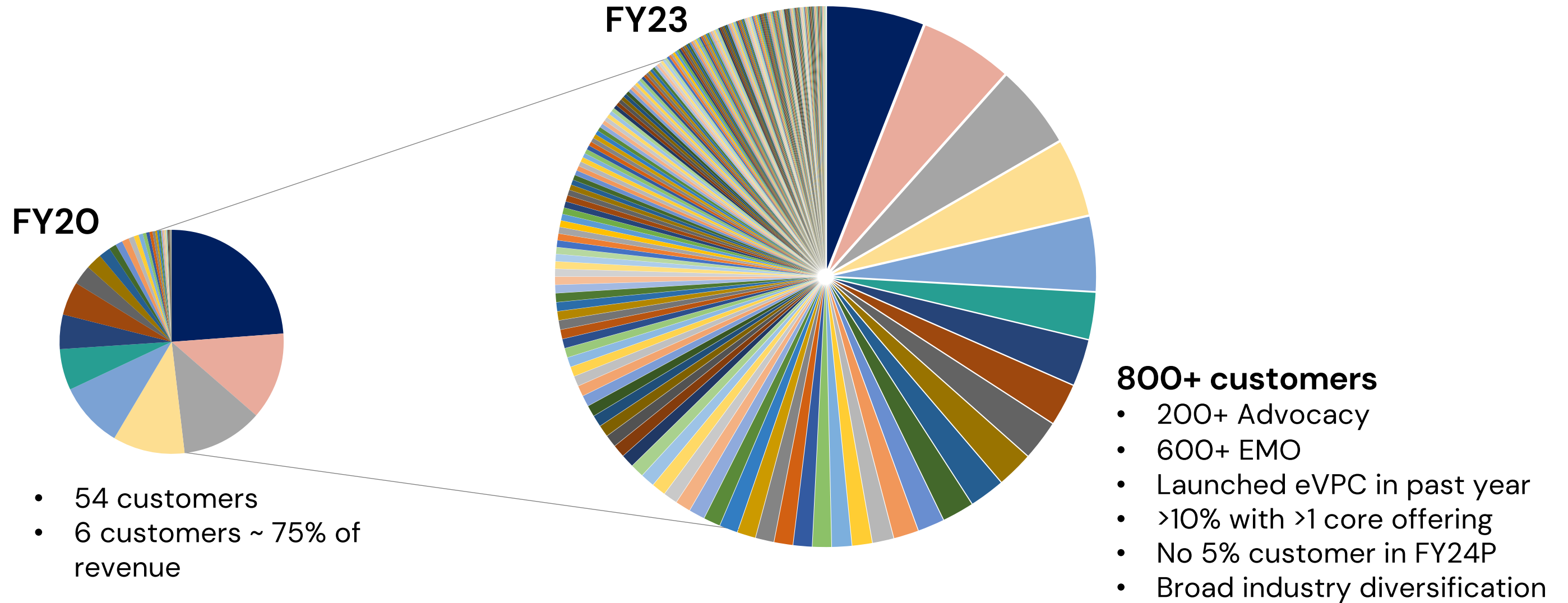
Significantly Expanded Addressable Market



Consistent growth and progress toward profitability



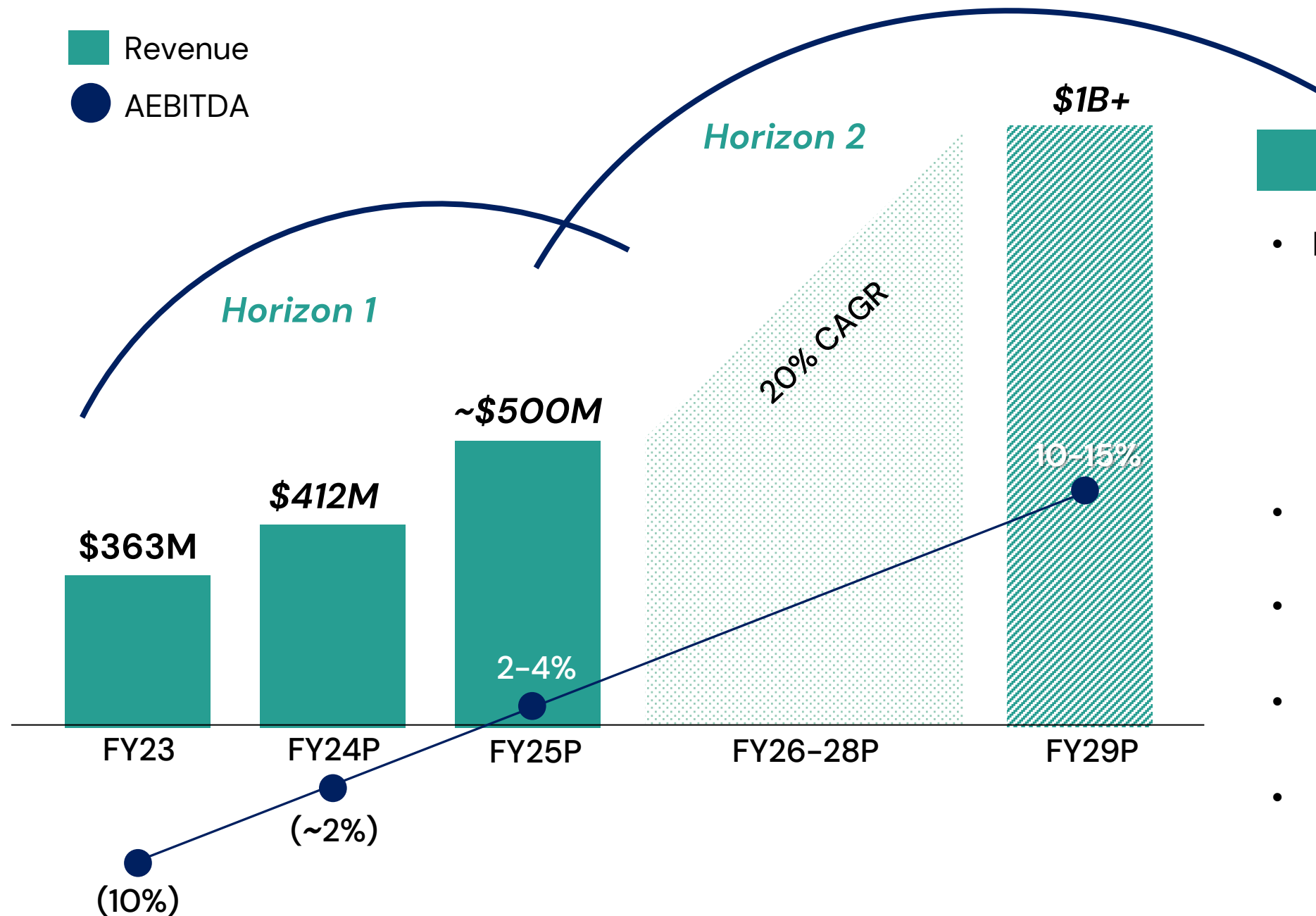
Customer and revenue diversification



Strong visibility to growth and profitability



Targeting \$1 billion revenue and 10-15% AEBITDA 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

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%

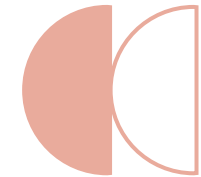
Growth, Scale & Profitability



Highly diversified revenue mix



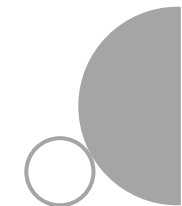
Expanding margins and operating leverage



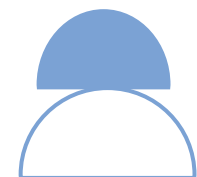
One Accolade driving operational efficiencies



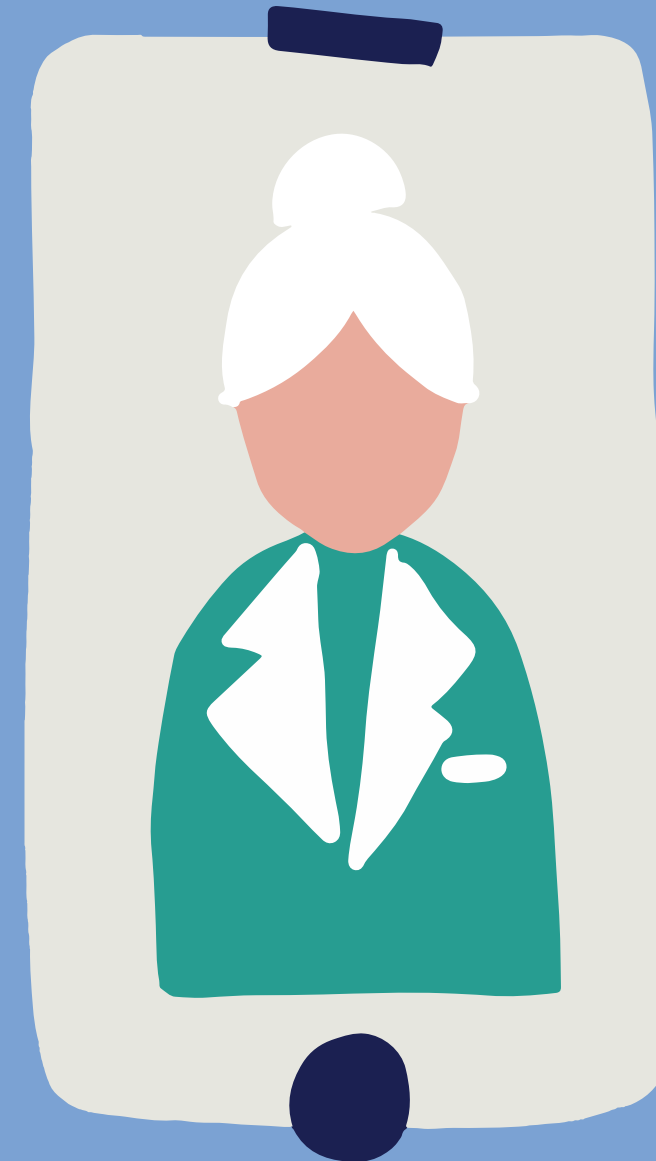
Attractive and improving unit economics



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



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),	2019	2020	2021	2022	2023
Net Loss	\$ (56,496)	\$ (51,365)	\$ (50,652)	\$ (123,124)	\$ (459,650)
Adjusted for:					
Interest expense (income), net	2,374	2,925	3,724	2,905	(255)
Income tax expense (benefit)	55	129	4	(5,639)	(3,624)
Depreciation and amortization	9,391	8,516	8,212	42,608	46,377
Stock-based compensation	5,721	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	90	107	147	133	15
Adjusted EBITDA (Loss)	\$ (38,865)	\$ (33,119)	\$ (26,939)	\$ (42,375)	\$ (36,505)

*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),	2019	2020	2021	2022	2023
Revenue	\$ 94,811	\$ 132,507	\$ 170,358	\$ 310,021	\$ 363,142
Less:					
Cost of revenue, excluding depreciation and amortization	(60,568)	(73,685)	(93,673)	(169,019)	(198,905)
Gross Profit, excluding depreciation and amortization	34,243	58,822	76,685	141,002	164,237
Add:					
Stock-based compensation, cost of revenue	255	318	948	3,197	4,794
Severance costs, costs of revenue					1,025
Adjusted Gross Profit	\$ 34,498	\$ 59,140	\$ 77,633	\$ 144,199	170,056
Gross Margin, excluding depreciation and amortization	36.1%	44.4%	45.0%	45.5%	45.2%
Adjusted Gross Margin	36.4%	44.6%	45.6%	46.5%	46.8%

*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),	2019	2020	2021	2022	2023
Revenue	\$ 94,811	\$ 132,507	\$ 170,358	\$ 310,021	\$ 363,142
Operating Expenses	88,220	107,026	123,462	266,727	627,751
Less:					
Depreciation and amortization	(9,391)	(8,516)	(8,212)	(42,608)	(46,377)
Stock-based compensation	(5,466)	(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)
Adjusted Operating Expenses	\$ 73,363	\$ 92,259	\$ 104,572	\$ 186,574	\$ 206,561
Adjusted Operating Expenses as a % of Revenue	77%	70%	61%	60%	57%

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





Accolade
PERSONALIZED HEALTHCARE