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

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**FORM 8-K**

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**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported): August 13, 2020**

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**Accolade, Inc.**

(Exact name of Registrant as Specified in Its Charter)

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**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 98101**  
(Address of Principal Executive Offices  
and Zip Code)

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

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

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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:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
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.

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**Item 2.02. Results of Operations and Financial Condition.**

On August 13, 2020, Accolade, Inc. (the “*Company*”) issued a press release reporting its financial results for the fiscal quarter ended May 31, 2020. A copy of such press release is furnished hereto as Exhibit 99.1 and incorporated by reference herein.

The information in this Form 8-K, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference under the Securities Act of 1933, as amended, or into any filing with the U.S. Securities and Exchange Commission made by the Company, whether made before or after the date hereof, except as expressly set forth by reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits**

<b>Exhibit Number</b>	<b>Exhibit Description</b>
99.1	<a href="#"><u>Press Release titled “Accolade Announces Results for Fiscal First Quarter 2021,” dated August 13, 2020, furnished herewith</u></a>

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## 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: August 13, 2020

By: /s/ Stephen Barnes  
Stephen Barnes  
Chief Financial Officer

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## Accolade Announces Results for Fiscal First Quarter 2021

- Fiscal first quarter 2021 revenue of \$35.9 million, a 25% increase compared to fiscal first quarter 2020 revenue of \$28.8 million, driven primarily by strength in new customer adds across segments and offerings
- Launched pilot with Defense Health Agency, our first customer in the federal government sector
- Provides fiscal second quarter 2021 and full-year fiscal 2021 guidance

SEATTLE, August 13, 2020 -- Accolade, Inc. (NASDAQ: ACCD), which provides personalized, technology-enabled solutions that help people better understand, navigate, and utilize the healthcare system and their workplace benefits, today announced financial results for the fiscal first quarter ended May 31, 2020.

“Accolade is a mission-driven organization, and in today's environment, our mission is more important than ever. The COVID-19 pandemic has made an already siloed and opaque healthcare system even more complex for people to navigate. During our fiscal first quarter, we delivered positive financial results in a strong demand environment driven in part by that increased complexity,” said Rajeev Singh, Accolade CEO.

Mr. Singh continued, “Our commitment to innovating for our customers was demonstrated again via the delivery of a new offering - Accolade COVID Response Care - to help our customers and their employees return to their workplace safely. As we look ahead to the future we see employers increasingly elevating healthcare and benefits and their utilization to a more a strategic buying decision given its role in business continuity.”

### Financial Highlights for Fiscal First Quarter 2021 ended May 31, 2020

	<u>Three months ended May 31,</u>		<u>%</u>
	<u>2020</u>	<u>2019</u>	<u>change</u>
	<small>(in millions, except percentages)</small>		
<b>GAAP Financial Data:</b>			
Revenue	\$ 35.9	\$ 28.8	25 %
Net loss	\$ (14.0)	\$ (15.9)	12 %
<b>Non-GAAP Financial Data<sup>(1)</sup>:</b>			
Adjusted EBITDA	\$ (9.4)	\$ (11.7)	19 %
Adjusted Gross Profit	\$ 13.8	\$ 11.4	21 %
Adjusted Gross Margin	38.3 %	39.6 %	

<sup>(1)</sup> A reconciliation of GAAP to non-GAAP results has been provided in this press release in the accompanying tables. An explanation of these measures is also included below under the heading "Non-GAAP Financial Measures."

### Financial Outlook

Accolade provides forward-looking guidance on Revenue and Adjusted EBITDA.

For the fiscal second quarter ending August 31, 2020, we expect:

- Revenue between \$34.5 million and \$35.5 million
- Adjusted EBITDA, a non-GAAP measure, between \$(12.5) million and \$(14.5) million

For the full fiscal year ending February 28, 2021, we expect:

- Revenue between \$158.0 million and \$161.0 million

- Adjusted EBITDA, a non-GAAP measure, between \$(32.0) million and \$(36.0) million

We have not reconciled guidance for Adjusted EBITDA to net loss, the most directly comparable GAAP measure, and have not provided forward-looking guidance for net loss, because there are items that may impact net loss, including stock-based compensation, that are not within our control or cannot be reasonably predicted.

### **Quarterly Conference Call Details**

The company will host a conference call today, Thursday, August 13, 2020 at 5:00 p.m. E.T. to discuss its financial results. The call can be accessed by dialing 1-833-519-1281 for U.S. participants, or 1-914-800-3853 for international participants, referencing conference ID #3276322; or via a live audio webcast that will be available online at <http://ir.accolade.com>. A replay of the call will be available via webcast for on-demand listening shortly after the completion of the call, at the same web link, and will remain available for approximately 90 days.

### **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.

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 SEC reports, including, but not limited to our prospectus filed with the SEC on July 1, 2020 and the Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2020 expected to be filed with the SEC on or about August 13, 2020. All information provided in this release and in the attachments is as of the date hereof, and we undertake no duty to update or revise this information unless required by law.

### **About Accolade, Inc.**

Accolade provides personalized health and benefits solutions designed to empower every person to live their healthiest life. Using a blend of cloud-based technologies, specialized support from Accolade Health Assistants® and Clinicians, and integrated data and programs across mobile, online and phone, Accolade navigates people through the healthcare system with trust, empathy and ease. Employers offer Accolade to employees and their families as the single place to turn for all health, healthcare, and benefits questions or concerns, increasing their engagement in benefits and connecting them to high-quality providers and care. By empowering members to make better decisions about their health, Accolade can support members in lowering the cost and complexity of healthcare while achieving consumer satisfaction ratings over 90 percent and an NPS of 60.

### **Investor Contact:**

Asher Dewhurst, Investor Relations, 443-213-0500, [Accolade@westwicke.com](mailto:Accolade@westwicke.com);

### **Media Contact:**

Megan Torres, Public Relations, 206-679-9630, [Megan.Torres@accolade.com](mailto:Megan.Torres@accolade.com)

Source: Accolade

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**Accolade, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets (unaudited)**  
(In thousands, except share and per share data)

<b>Assets</b>	<b>May 31, 2020</b>	<b>February 29, 2020</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 77,682	\$ 33,155
Accounts receivable	2,971	294
Unbilled revenue	234	895
Current portion of deferred contract acquisition costs	1,395	1,368
Current portion of deferred financing fees	279	279
Prepaid and other current assets	14,193	12,944
<b>Total current assets</b>	<b>96,754</b>	<b>48,935</b>
Property and equipment, net	12,598	13,625
Goodwill	4,013	4,013
Acquired technology, net	1,692	2,054
Deferred contract acquisition costs	4,103	3,876
Other assets	1,322	745
<b>Total assets</b>	<b>\$ 120,482</b>	<b>\$ 73,248</b>
<b>Liabilities, convertible preferred stock and stockholders' deficit</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 4,940	\$ 5,273
Accrued expenses	4,375	6,580
Accrued compensation	26,627	23,838
Deferred rent and other current liabilities	729	674
Due to customers	4,278	4,674
Current portion of deferred revenue	34,444	28,919
<b>Total current liabilities</b>	<b>75,393</b>	<b>69,958</b>
Loans payable, net of unamortized issuance costs	72,524	21,144
Deferred rent and other noncurrent liabilities	5,614	5,523
Deferred revenue	426	396
<b>Total liabilities</b>	<b>153,957</b>	<b>97,021</b>
<b>Convertible preferred stock :</b>		
Preferred stock; 19,513,996 shares authorized; 19,513,939 issued and outstanding at May 31, 2020 and February 29, 2020, respectively (liquidation value of \$239,244 at May 31, 2020)	233,022	233,022
<b>Stockholders' deficit</b>		
Common stock par value \$0.0001; 65,000,000 shares authorized; 6,381,257 and 6,033,450 shares issued and outstanding at May 31, 2020 and February 29, 2020, respectively	2	2
Additional paid-in capital	68,329	64,071
Accumulated deficit	(334,828)	(320,868)
<b>Total stockholders' deficit</b>	<b>(266,497)</b>	<b>(256,795)</b>
<b>Total liabilities, convertible preferred stock and stockholders' deficit</b>	<b>\$ 120,482</b>	<b>\$ 73,248</b>

**Accolade, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operation (unaudited)**  
(In thousands, except share and per share data)

	<b>Three months ended May 31,</b>	
	<b>2020</b>	<b>2019</b>
Revenue	\$ 35,894	\$ 28,763
Cost of revenue, excluding depreciation and amortization	22,239	17,435
Operating expenses:		
Product and technology	11,370	11,246
Sales and marketing	7,315	7,662
General and administrative	5,667	5,563
Depreciation and amortization	1,928	2,160
Total operating expenses	26,280	26,631
Loss from operations	(12,625)	(15,303)
Interest expense, net	(1,282)	(543)
Other expense	(15)	(34)
Loss before income taxes	(13,922)	(15,880)
Income tax expense	(38)	(23)
Net loss	\$ (13,960)	\$ (15,903)
Net loss per share, basic and diluted	\$ (1.86)	\$ (3.22)
Weighted-average common shares outstanding, basic and diluted	7,524,016	4,945,593

The following table summarizes the amount of stock-based compensation included in the consolidated statements of operations:

	<b>Three months ended May 31,</b>	
	<b>2020</b>	<b>2019</b>
Cost of revenue	\$ 109	\$ 72
Product and technology	434	361
Sales and marketing	303	347
General and administrative	413	656
Total stock-based compensation	\$ 1,259	\$ 1,436

**Accolade, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows (unaudited)**  
(In thousands)

	<b>Three months ended May 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (13,960)	\$ (15,903)
Adjustments to reconcile net loss to net cash used in		
Operating activities:		
Depreciation and amortization expense	1,928	2,160
Amortization of deferred contract acquisition costs	393	228
Noncash interest expense	141	90
Stock-based compensation expense	1,259	1,436
Changes in operating assets and liabilities:		
Accounts receivable and unbilled revenue	(2,016)	(43)
Accounts payable and accrued expenses	(1,683)	(52)
Deferred contract acquisition costs	(647)	(345)
Deferred revenue and due to customer	5,159	2,521
Accrued compensation	2,789	(5,572)
Deferred rent and other liabilities	146	(134)
Other assets	(1,826)	(1,266)
Net cash used in operating activities	<u>(8,317)</u>	<u>(16,880)</u>
<b>Cash flows from investing activities:</b>		
Capitalized software development costs	(289)	—
Purchases of property and equipment	(249)	(109)
Net cash used in investing activities	<u>(538)</u>	<u>(109)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from stock option and warrant exercises	2,937	345
Proceeds from borrowings on debt	51,166	—
Payments of initial public offering costs	(721)	—
Net cash provided by financing activities	<u>53,382</u>	<u>345</u>
Net increase (decrease) in cash and cash equivalents	<u>44,527</u>	<u>(16,644)</u>
Cash and cash equivalents, beginning of period	33,155	42,701
Cash and cash equivalents, end of period	<u>\$ 77,682</u>	<u>\$ 26,057</u>
<b>Supplemental cash flow information:</b>		
Interest paid	\$ 586	\$ 601
Fixed assets included in accounts payable	\$ 42	\$ 16
Other receivable related to stock option exercises	\$ 234	\$ 11
Income taxes paid	\$ 13	\$ —
Offering costs included in prepaid and other current assets and accounts payable and accrued expenses	\$ 2,474	\$ —



## Non-GAAP Financial Measures

In addition to our financial results determined in accordance with GAAP, we use the following non-GAAP financial measures to help us evaluate trends, establish budgets, measure the effectiveness and efficiency of our operations, and determine employee incentives. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP measures differently or may use other measures to evaluate their performance. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business.

### Adjusted Gross Profit and Adjusted Gross Margin

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. 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

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, and acquisition and integration-related costs. 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 table presents, for the periods indicated, a reconciliation of our revenue to Adjusted Gross Profit:

	For the three months ended	
	May 31,	
	2020	2019
	(in thousands, except percentages)	
Revenue	\$ 35,894	\$ 28,763
Less:		
Cost of revenue, excluding depreciation and amortization	(22,239)	(17,435)
Gross profit, excluding depreciation and amortization	13,655	11,328
Add:		
Stock-based compensation, cost of revenue	109	72
Adjusted Gross Profit	\$ 13,764	\$ 11,400
Gross margin, excluding depreciation and amortization	38.0 %	39.4 %
Adjusted Gross Margin	38.3 %	39.6 %

The following table presents, for the periods indicated, a reconciliation of our Adjusted EBITDA to our net loss:

	For the three months ended	
	May 31,	
	2020	2019
	(in thousands)	
Net Loss	\$ (13,960)	\$ (15,903)
Adjusted for:		
Interest expense, net	1,282	543
Income tax provision	38	23
Depreciation and amortization	1,928	2,160
Stock-based compensation	1,259	1,436
Other expense	15	34
Adjusted EBITDA	<u>\$ (9,438)</u>	<u>\$ (11,707)</u>

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