



Accolade Investor Presentation

July 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 May 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.





The Foundation

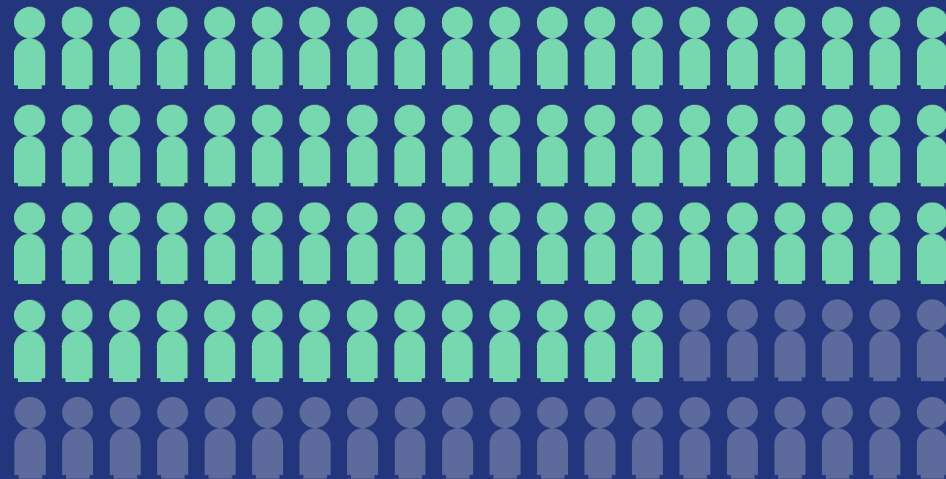


Accolade

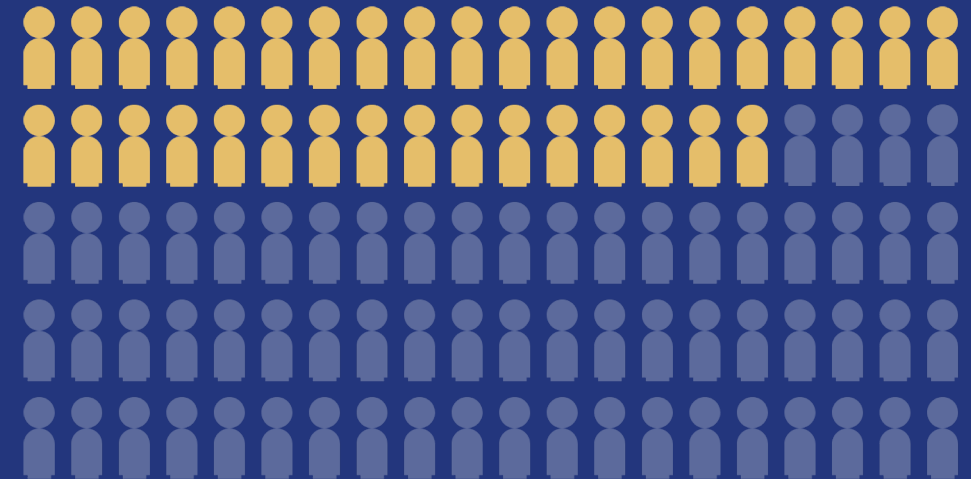
Our vision is every person living their healthiest life

Trust in the US healthcare system has dropped over time

1977
74%



2018
36%



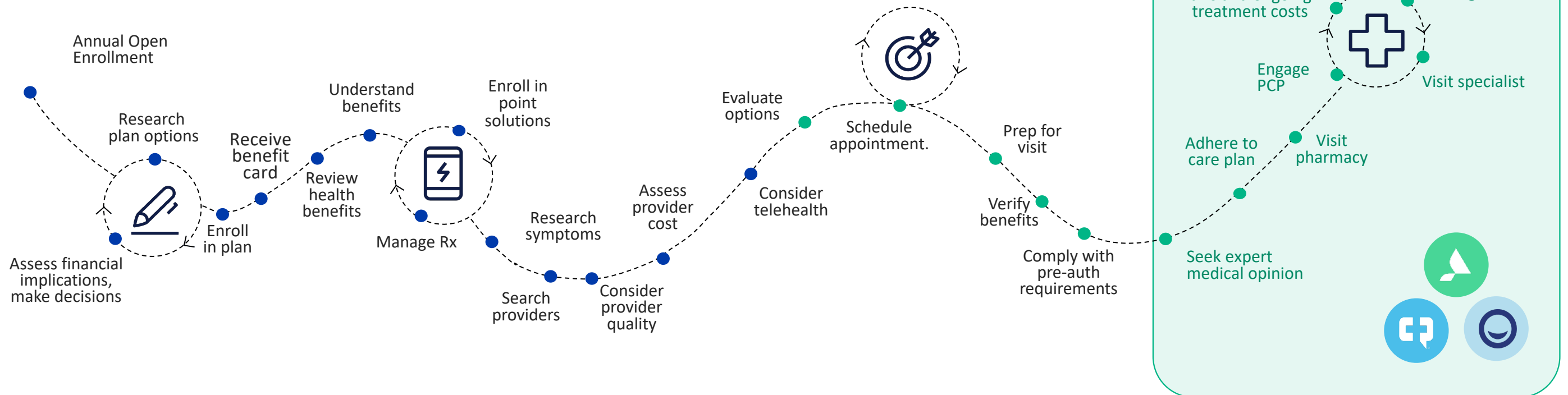
Source: Gallup

Delivering Medical Certainty and Driving Savings

Accolade Creates Impact Across the Entire Consumer Journey

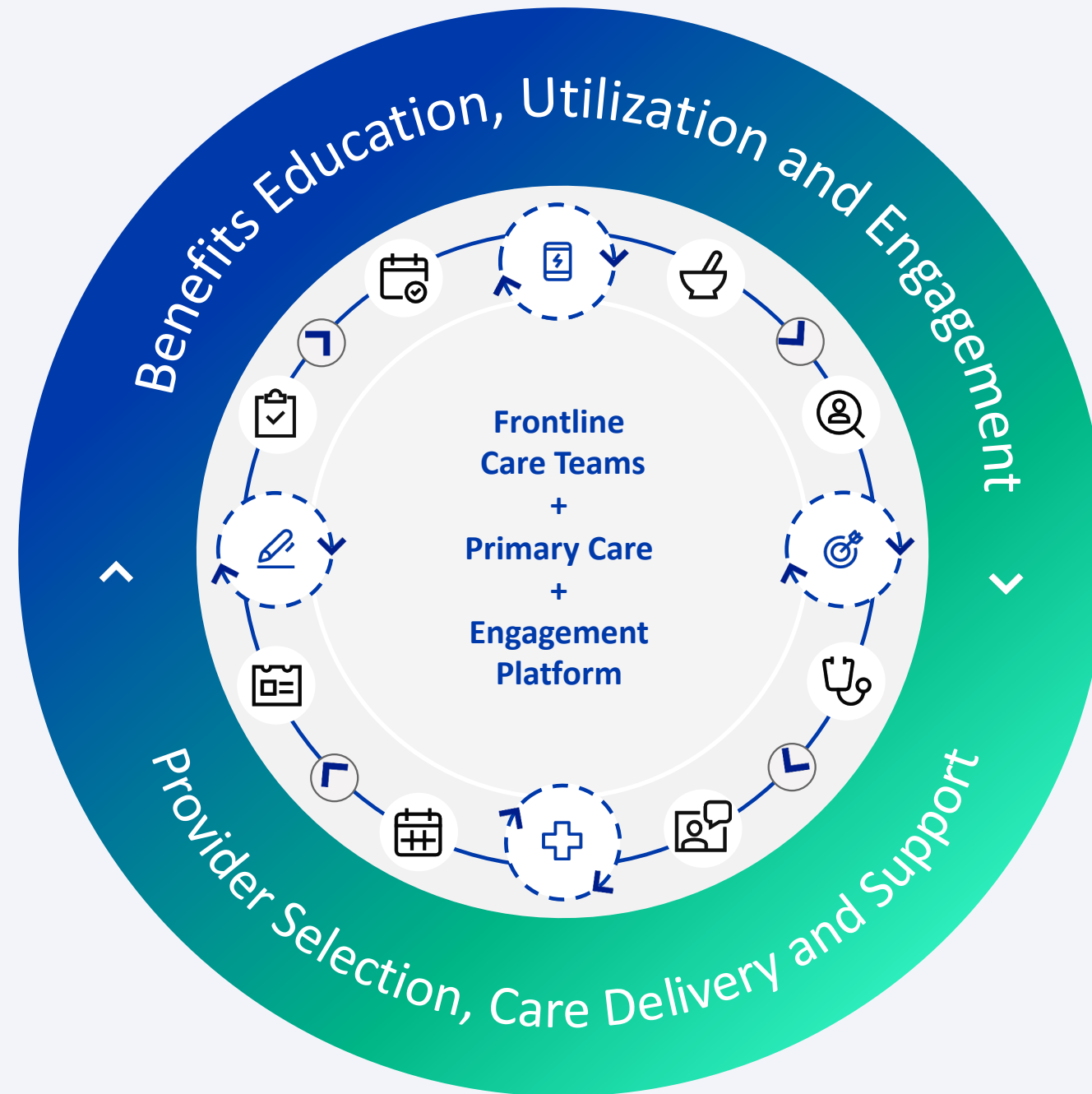
Benefits Education, Utilization and Engagement

Provider Selection, Care Delivery and Support



Delivering Medical Certainty and Driving Savings

Accolade Creates Impact Across the Entire Consumer Journey



Combining market leading platforms

Creates a comprehensive, integrated healthcare navigation experience.



- Leader in **personalized health and benefits**
- Relationship-based clinical model that persists **throughout care journeys**
- Expanding platform of clinical programs that **improve clinical outcomes and lower costs**
- **>2 million members**
- **>100 customers**
- **4%-10% employer savings** on HC spend



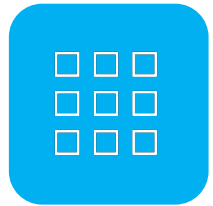
- Leader in **Expert Medical Opinion**
- Expert-led clinical model that **delivers certainty in complex medical situations**
- **900 physician experts**, leaders in their respective fields, covering all specialties
- **~7 million members**
- **~300 customers** & deep **health plan relationships** with virtually no overlap
- Average **\$5K+ savings per consult**



- Leader in **virtual primary care**
- **Purpose-built, modern technology stack** with primary care physician at center
- Outstanding **customer satisfaction** (90+ NPS)
- **Mental health** embedded with primary care
- Focus on **physician quality** – Top 50 medical schools and 15+ years of experience
- Management team that **shares Accolade's vision and values**

One Platform, Three Powerful Solutions

Delivering Comprehensive, Integrated and Clinical Support

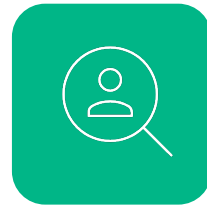


Navigation

ACCOLADE TOTAL BENEFITS

SOLUTION FEATURES

- ✓ Benefits engagement
- ✓ Clinical guidance



Provider
Decision Support

ACCOLADE TOTAL CARE

SOLUTION FEATURES

- ✓ Benefits engagement
- ✓ Clinical guidance
- ✓ Provider matching



Integrated
Population Health

ACCOLADE TOTAL HEALTH AND BENEFITS

SOLUTION FEATURES

- ✓ Benefits engagement
- ✓ Clinical guidance
- ✓ Provider matching
- ✓ Case management
- ✓ Provider services
- ✓ Member services



Expert Medical Opinion

Expanding Our Offering Portfolio



Mental Health
Integrated Care













COVID Response
Care



Trusted Supplier
and Integrated Care



A Platform for Driving Benefits Engagement

-  Tuition Reimbursement
-  Travel Insurance
-  Wellness and Health Optimizers
-  Telehealth and 2nd Opinion
-  Apps and Portals
-  401k
-  Discount Programs
-  EAP
-  PBMs
-  Benefits Admin



- Integrated Care Partners**
 - ginger
 - LabCorp
 - MeMD
- Trusted Suppliers**
 - virta
 - ovia
 - Brightside
 - vivante
 - omada
 - Hinge Health
 - Rx Savings Solutions

- Ecosystem**
 - KAISER PERMANENTE
 - UnitedHealthcare
 - COMPSYCH
 - alight
 - WebMD
 - DELTA DENTAL
 - MERCER
 - W W
 - Virgin Pulse
 - CVS CAREMARK
 - sedgwick
 - MetLife
 - Fidelity
 - WageWorks
 - NATIONWIDE INSURANCE
 - dr. on demand
 - crossover HEALTH
 - Bright Horizons
 - OPTUM
 - EXPRESS SCRIPTS
 - prognyn
 - vsp
 - rethink


How We Do It: Clinical Philosophy


Evidence-based, data-driven, and pragmatic

Whole Population	Whole Person	Integrated
Engage across spend bands and risk profiles	Account for context and social determinants	Weave together care for all of an individual's needs
Attuned to Behavioral Health Needs	Relationship-Based	Proactive
Screen for BH issues consistently; deliver appropriate support	Build relationships that persist throughout care journeys	Draw on member, employer, and industry data to intervene early

Integrating Expert Medical Opinion


Further Lowers Unnecessary Healthcare Utilization

 *Example: Improving knee pain-related utilization trends*





Right Member

- Machine learning model proactively identifies members with high risk of knee surgery in the next 12 months
- Multichannel target outreach to high-risk members and referrals from member services




Right Decision

- Mayo clinic education materials
- Provider data insights on surgery experience and complications, re-admits, and length of stay



Right Path

- Shared decision making prior to seeing specialist
- Referral to in-person or virtual physical therapy (e.g., Hinge)



Virtual consult with expert physician – increase in delivery of evidence-based guidance

IMPACT

Improved outcomes, satisfaction and trust

- ↓ 31% MRIs
- ↓ 15% ER visits
- ↓ 64% Outpatient surgery
- ↓ 79% inpatient surgery

Source: Representative Accolade customer analysis (based on service dates from July 2018-July 2019)

“Compared to the matched multi-employer controls in 2018 and 2019, all six of Accolade’s customers experienced reductions in cost levels and lower year-over-year trends compared to market.”

AON



Industry's most robust advocacy study again shows Accolade creates significant savings for employers

Accolade Trend vs. Control

0.0% vs. 8.3%
2019

2.0% vs. 6.1%
2018-2019

Accolade PEPY Claims Savings

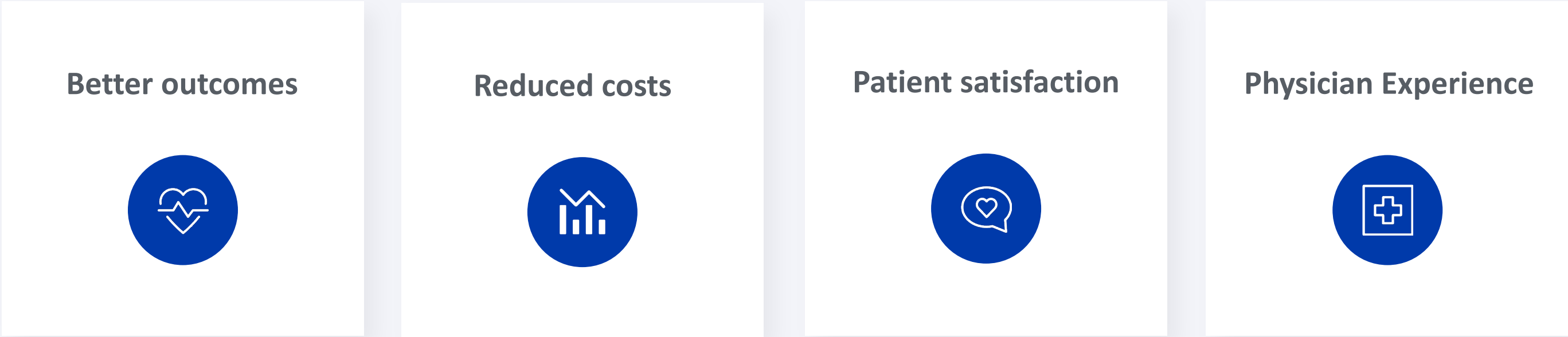
\$590
above market
before Accolade

\$432
below market
after Accolade

Savings Across All Groups

- Customers: Six employers, 1,000-30,000 employees
- Terms: One and two years of data
- Conditions: Most common clinical conditions
- Services: Physician, Inpatient, Outpatient, Specialty Rx
- Ages: 0 to 64
- Comorbidities: 0 to 4+
- Cost Percentiles: Top 1% to 25% claims spend

Quadruple Aim



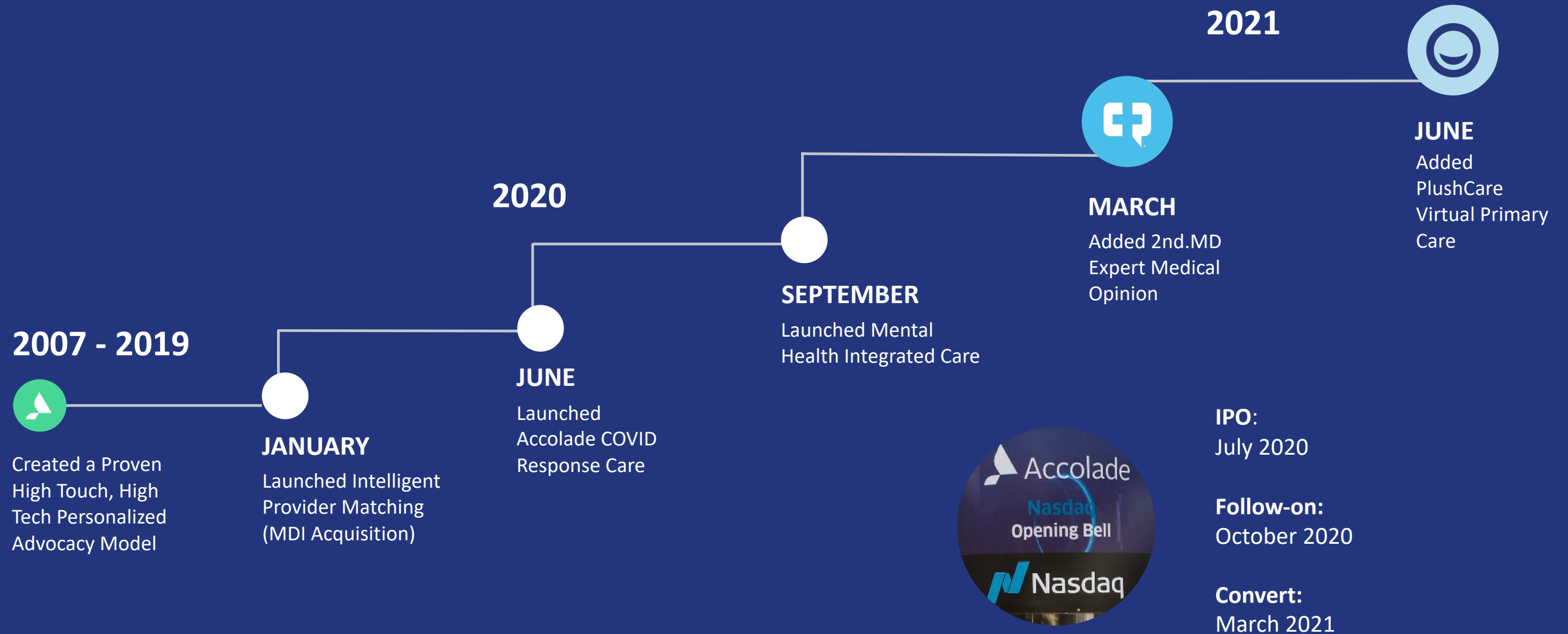


The Future

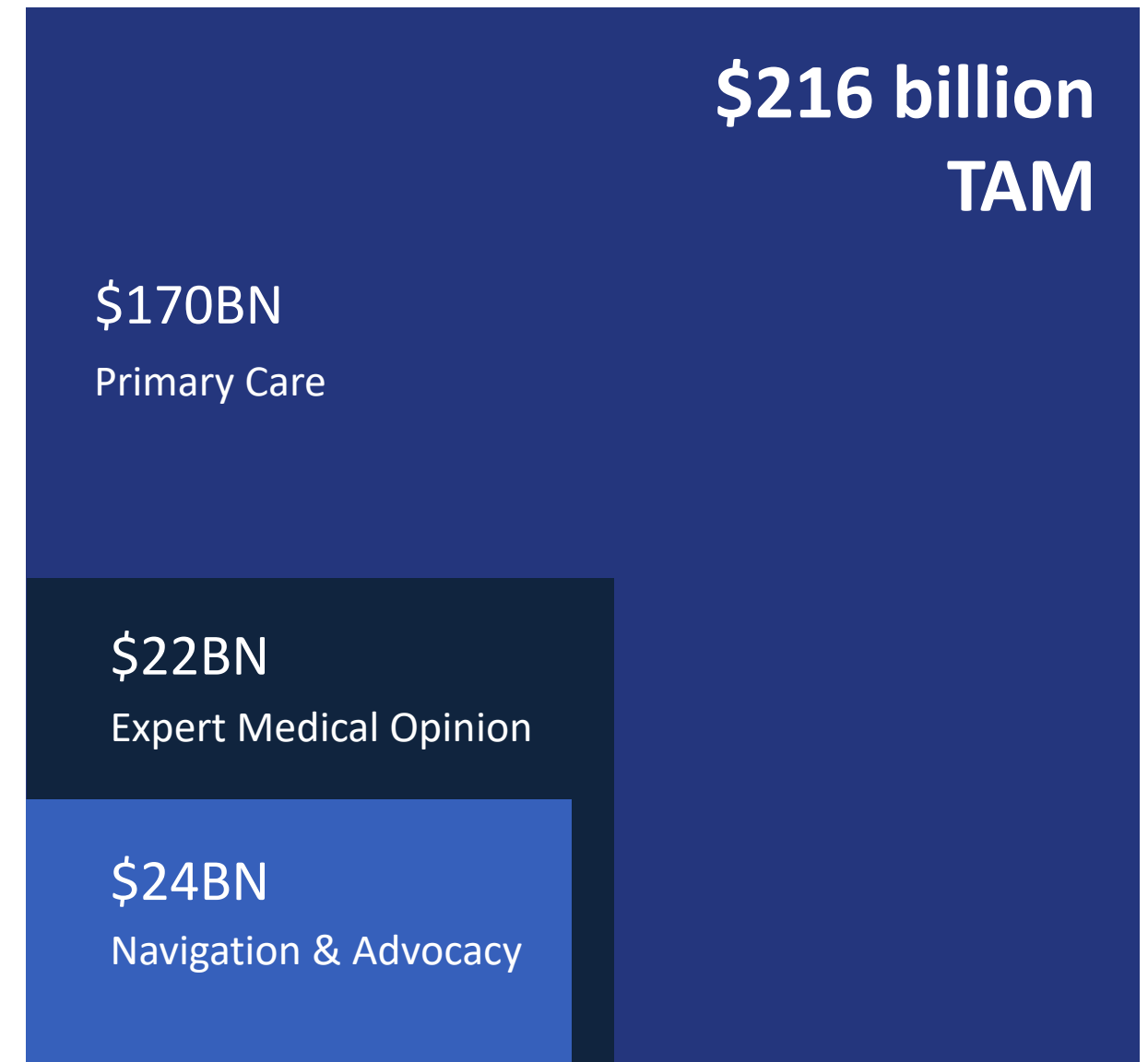
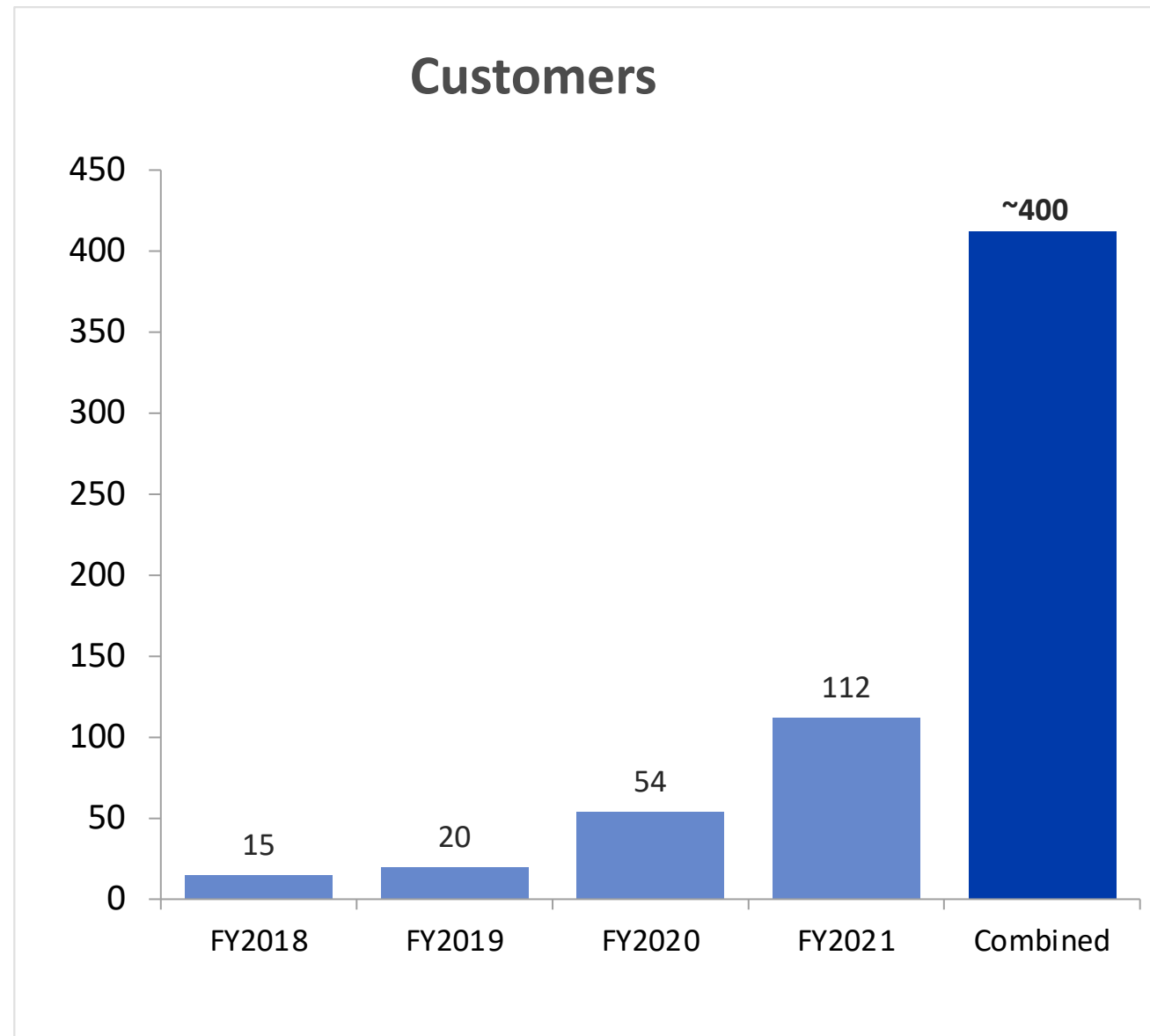
PERSONALIZED
HEALTH &
BENEFITS

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 add-on services such as Boost, TSP, and clinical programs
Continue to innovate	Leverage machine learning, predictive analytics, and multimodal communication to generate efficiencies and better outcomes, while introducing new, innovative offerings
Grow into adjacent markets	Pursue 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

PERSONALIZED
HEALTH &
BENEFITS

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

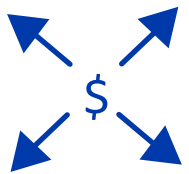
Higher margin product offerings and ecosystem partners leverage tech platform



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



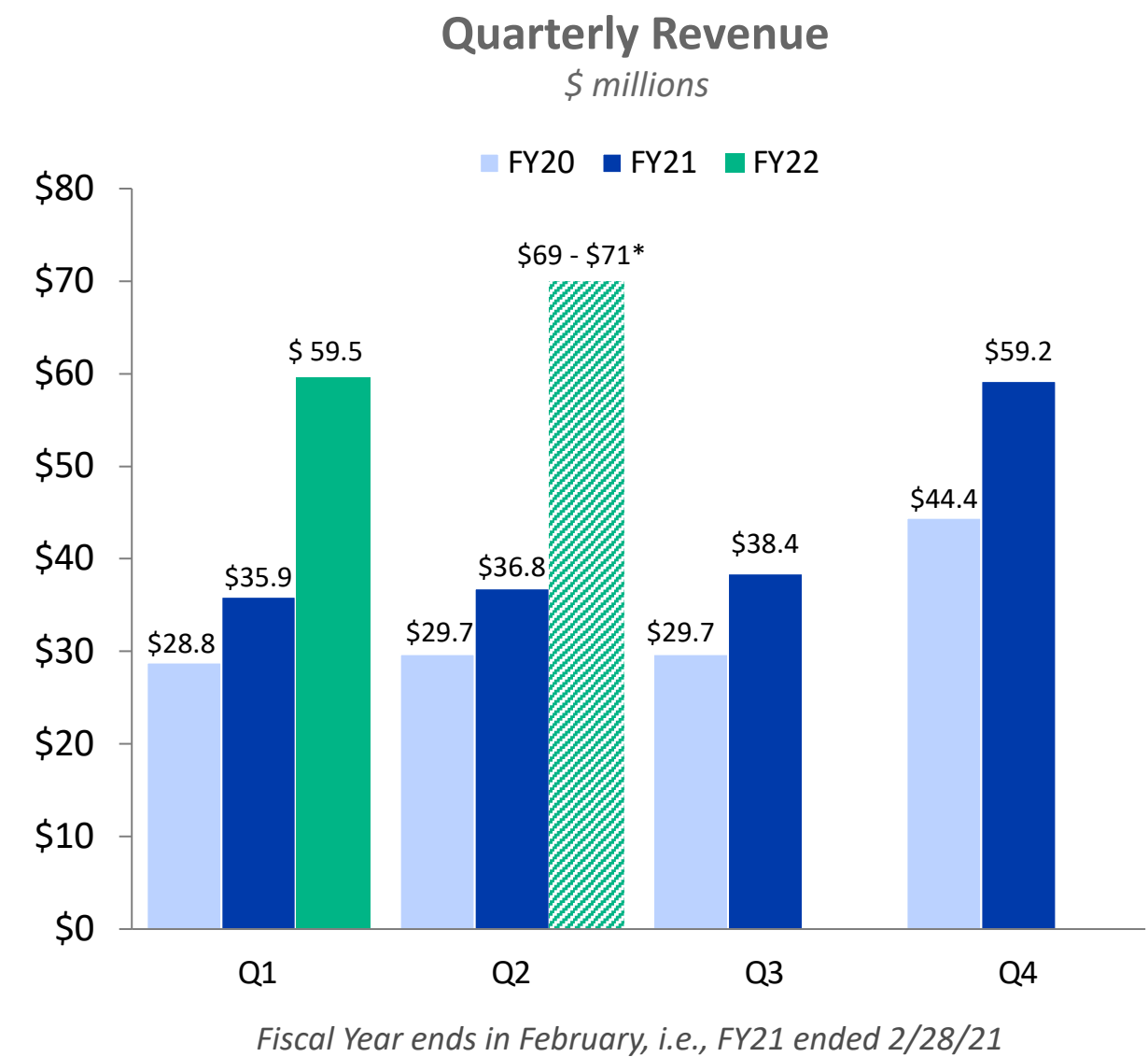
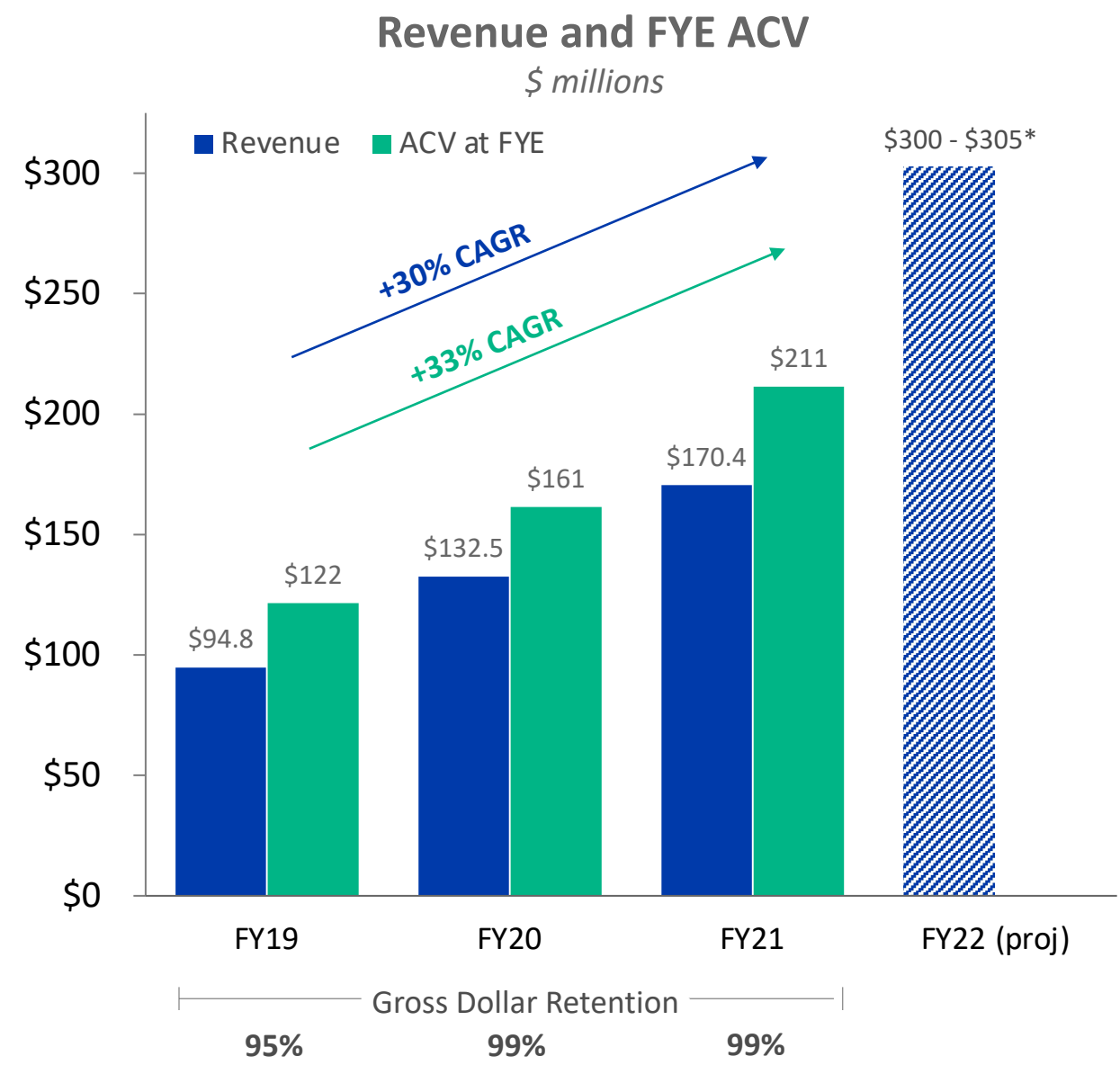
Growing Customer Diversification

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



Strong Revenue Growth

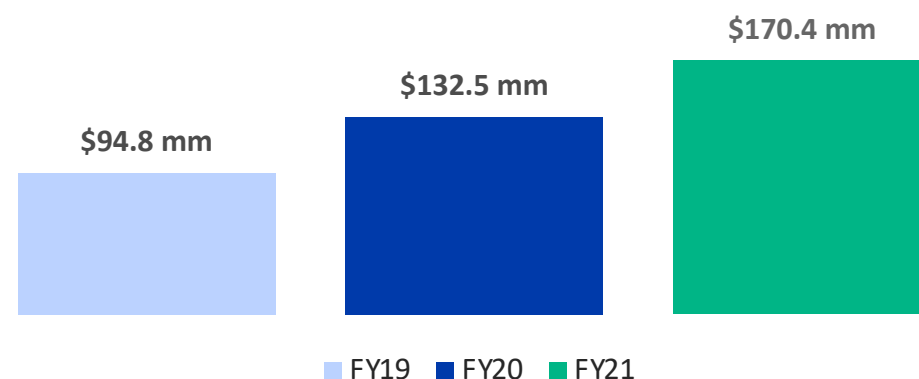
Predictable, highly visible, and recurring revenue



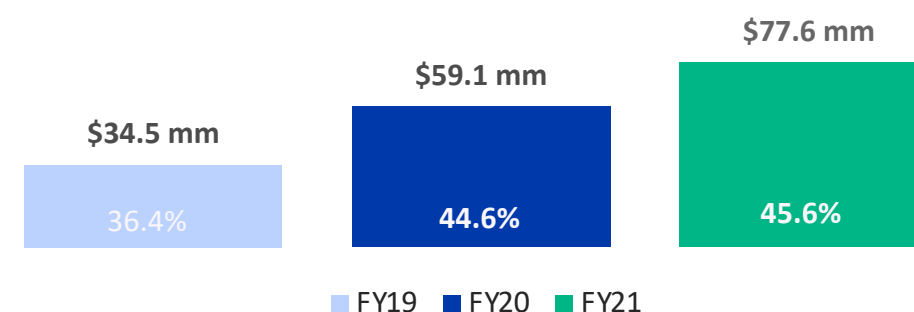
*Revenue for FY22 and Q2 FY22 represent guidance as of July 8, 2021

Annual Result Trends

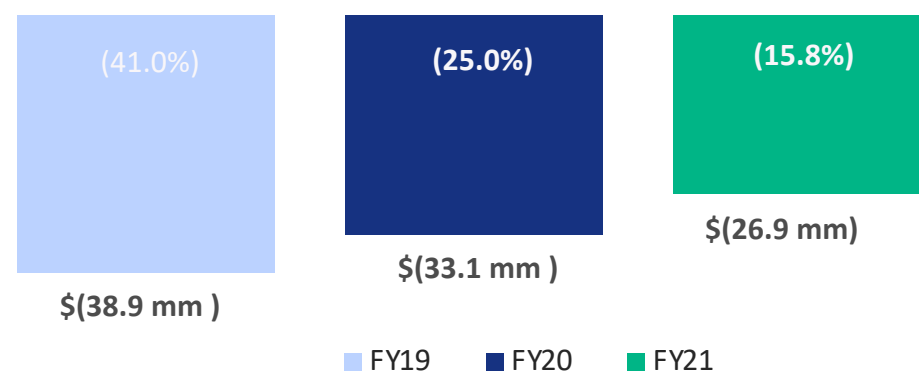
Revenue



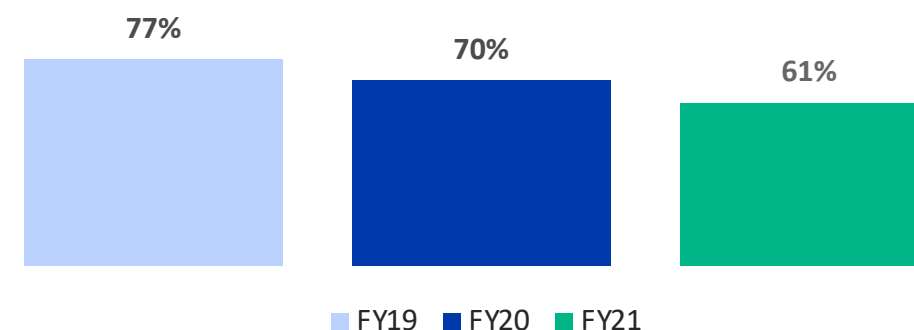
Adjusted Gross Profit and Adjusted Gross Profit Margin



Adjusted EBITDA (as % of revenue)



Adjusted Operating Expenses as a % of Revenue*



*Adjusted Operating Expenses excludes depreciation and amortization, acquisition and integration-related costs, and stock-based compensation

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

PERSONALIZED
HEALTH &
BENEFITS

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, 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 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>