



April 2024

NASDAQ: ACCD

Accolade Inc.

Investor Presentation

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 29, 2024 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*





Investment Highlights

Targeting \$1B in revenue and 15-20% Adjusted EBITDA in 5 years

Consistent 20% revenue growth with increasing profitability

Market leader in highly underpenetrated Personalized Healthcare market

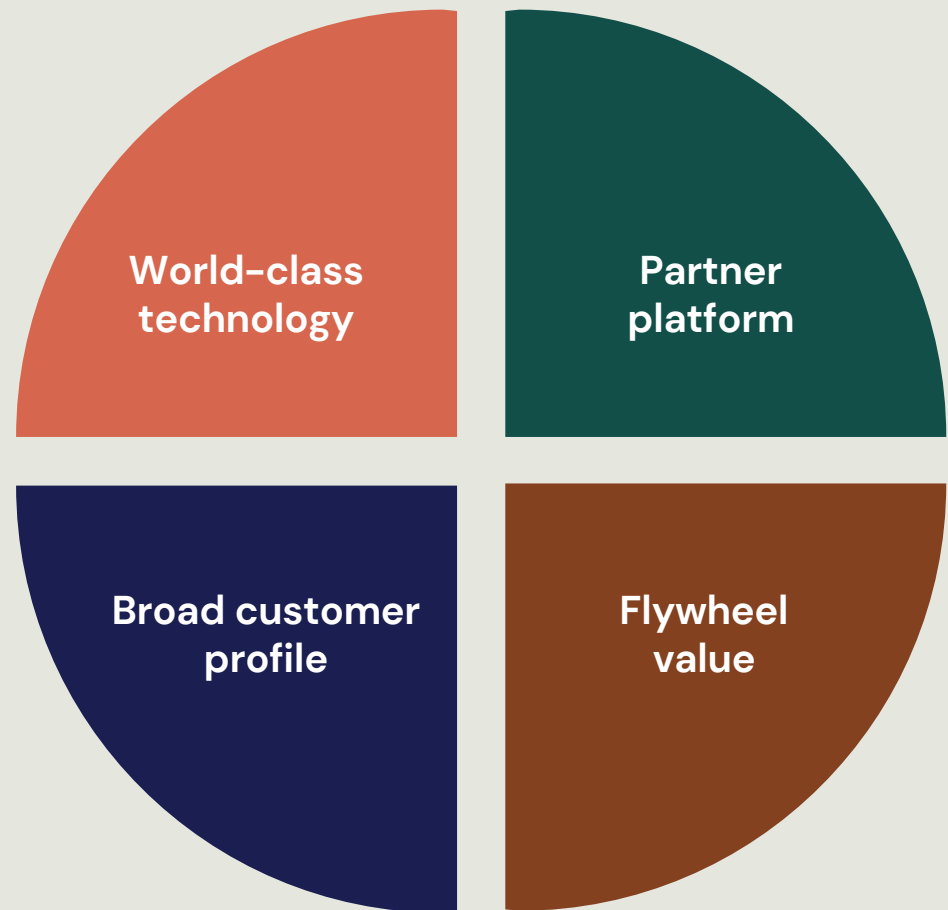
High revenue visibility and customer diversification

Integrated platform enables scale, utilization, and margin expansion

Massive opportunity to leverage AI and healthcare tech to transform healthcare experience for all employers and millions of consumers



What stands us apart



High Touch Healthcare Services Powered by Next Gen Technology

Our extraordinary care teams drive engagement, solve the Physician Gap, and fight for our members.



Care Advocates



Nurses



Nurse Case Managers



Women's Health Nurses



Behavioral Health Clinician



Physicians (typically internal medicine or family practice)

Panel of 1000+ Physician Specialists

Medical Director

Medical Records Specialist

Provider Search Specialists

Claims & Benefits Specialists

Pharmacist & Pharmacist Tech

Dietician

Social Worker



The Physician Gap impact is real



**Delayed and deferred
doctor visits**



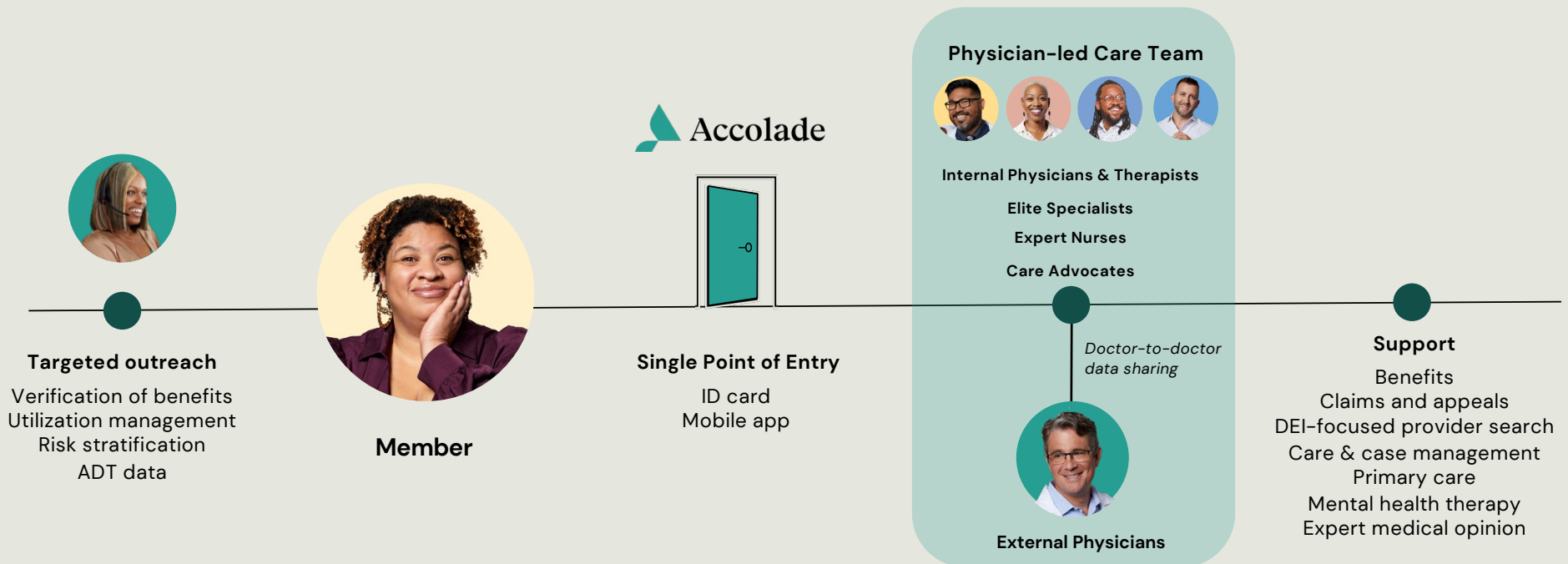
**Fragmented communication
between providers (episodes)**



**Unnecessary surgeries and
wrong treatments**



We put doctors **at the heart** of the solution



Accolade fixes the Physician Gap



**80% of visits
occur same day**



**Data sharing with
outside physicians**
visit summaries and relevant data



Overall savings: 4%+
*EMO: 25% of surgeries cancelled,
85% care plans improved*



Our World-Class Technology

We use technology and data to seamlessly give members trust and human connection, every time.



Member
Fingerprint



Call
Scheduling



Skills-Based
Routing



Automation



TrueHealth
Actions



AI

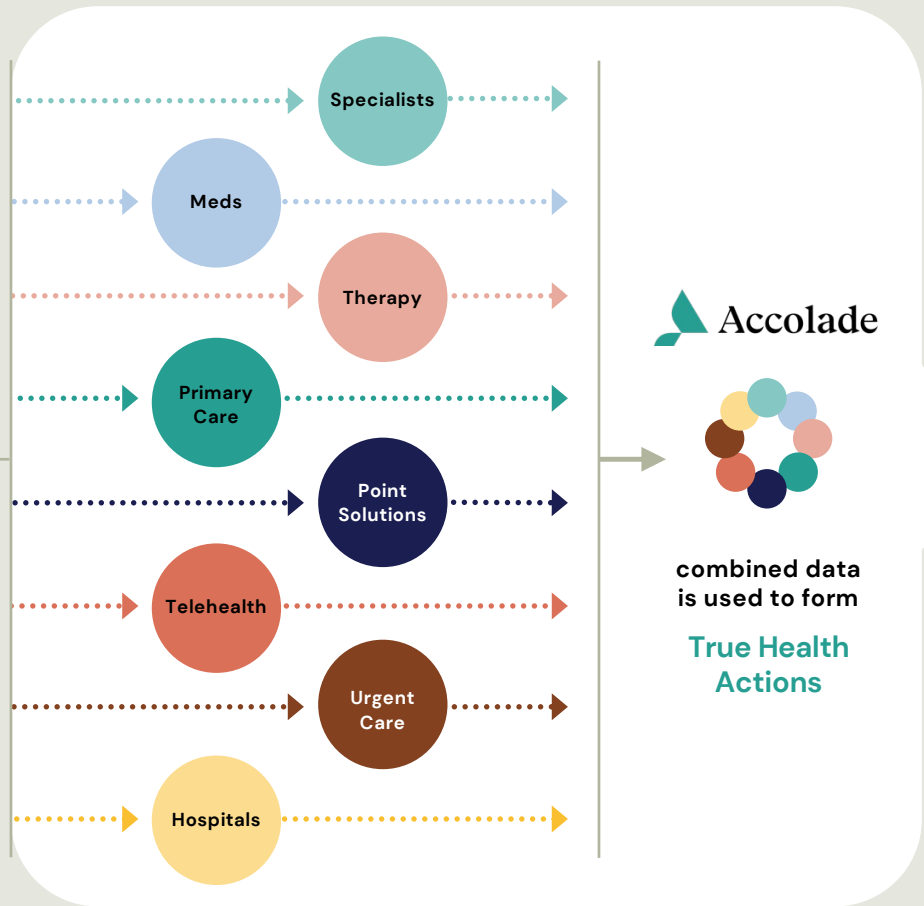
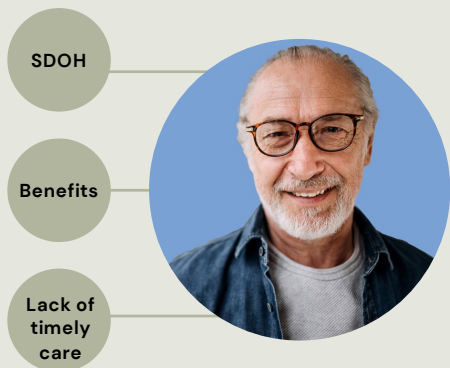


Trust and human connection, every time

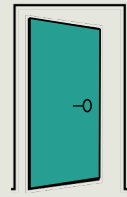


The future state is connected for ease

Pre-existing burdens



Front door engagement



Actionable steps are given to member in app

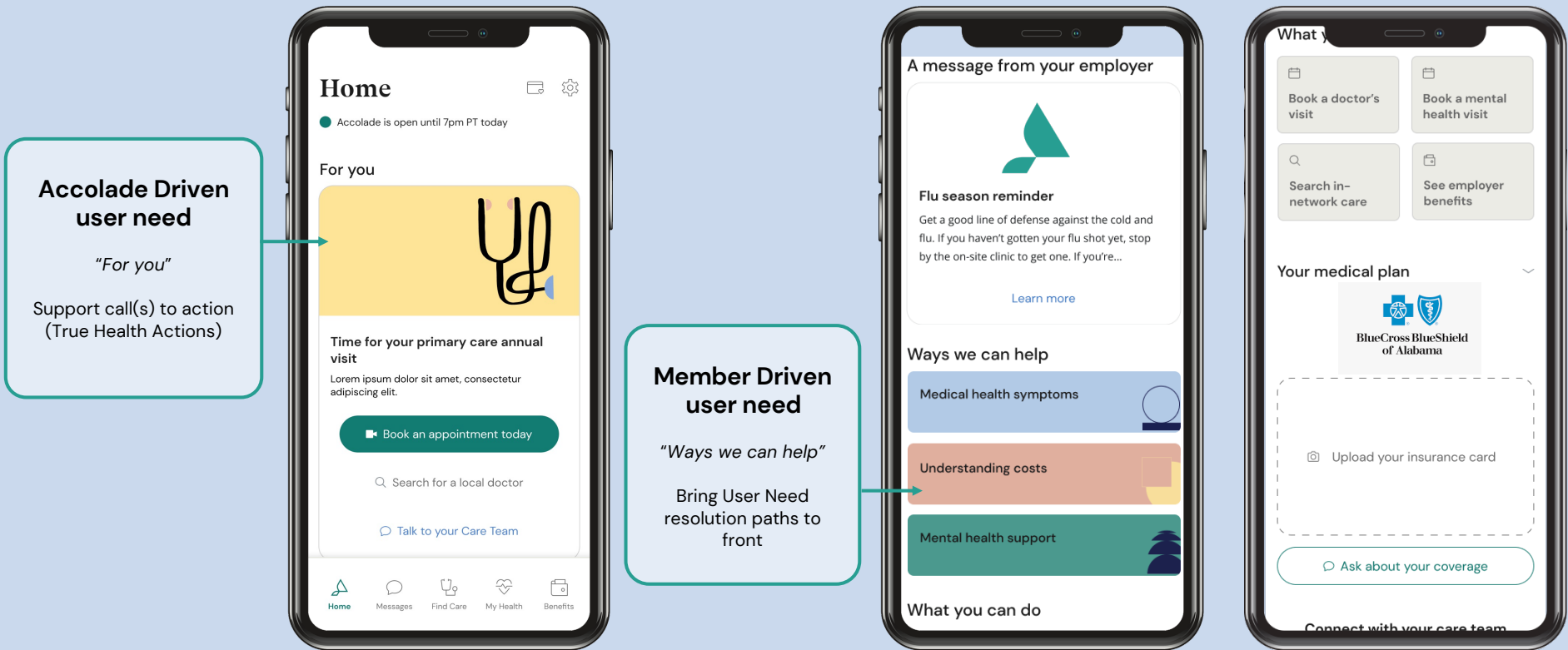


True Health Actions Drive Personalized Care Experience

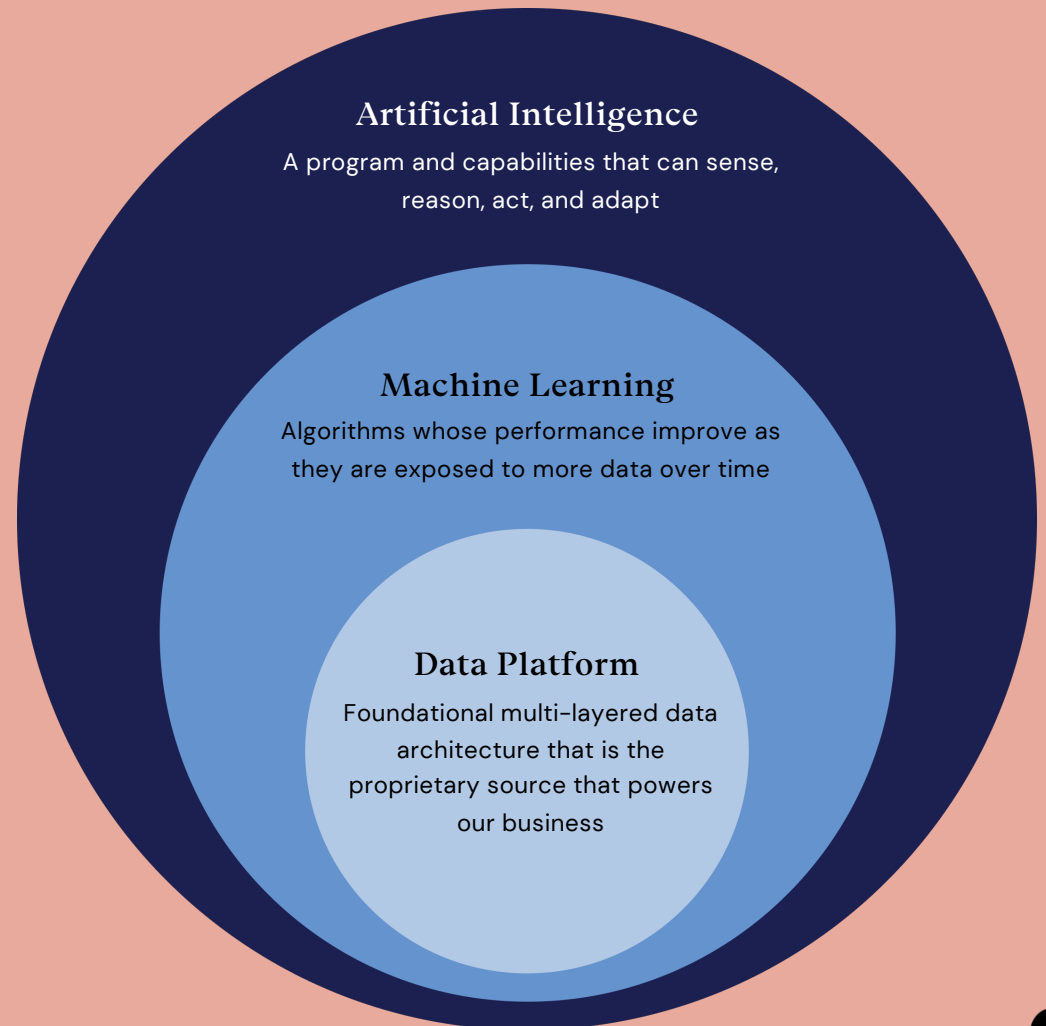
- A Concept – Member Health Snapshot
- B Deployed – Alerts
- C Deployed – True Health Action Recommendations



True Health Actions Create a Personalized Digital Experience



What AI means at Accolade

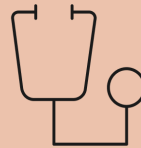


Our AI capabilities and utilization



Front Line Care Team

- Interaction Monitoring
- Auto QA Evaluations
- Auto Note Summarization
- Conversational AI across IVR and Messaging
- NextGen RPA & Workflow Automation
- Benefits & Claims Q&A



Clinical Intelligence

- Population Health
- Clinical Foundation Score
- EMO ML Models
- Decision & Workflow Engine



Analytics

- Clinical Analytics
- Workforce Management Forecasting
- NPS and CSAT Sentiment
- ML Engagement Prediction
- Gen AI Voice of Customer Trend & Insights Solution



Accolade's Advantages for the Healthcare Ecosystem



Today's Trusted Partner Ecosystem

High-quality solutions, complementary to Accolade's own, in categories that matter to our customers

Musculoskeletal



Diabetes / Weight / Metabolic



Pharmacy



Centers of Excellence



Behavioral Health



LGBTQIA+ Care



Gastrointestinal



Fertility Healthcare



Wellness / Incentives



Financial Health



Benefits Selection



Driving appropriate use of customers' programs is core to our value proposition

Ecosystem Programs

Existing point solutions



Benefit Center Tile



Warm site connections



FLCT training and referrals



Referral reporting



Trusted Partner Ecosystem

Best-in-class solutions where customers enjoy easier purchasing and implementation, enhanced features, and incremental utilization



Partner vetting



Streamlined contracting



Implementation support



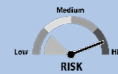
ACCD-managed program eligibility



Billing management



Codeveloped FLCT training



ACCD-generated target outreach files



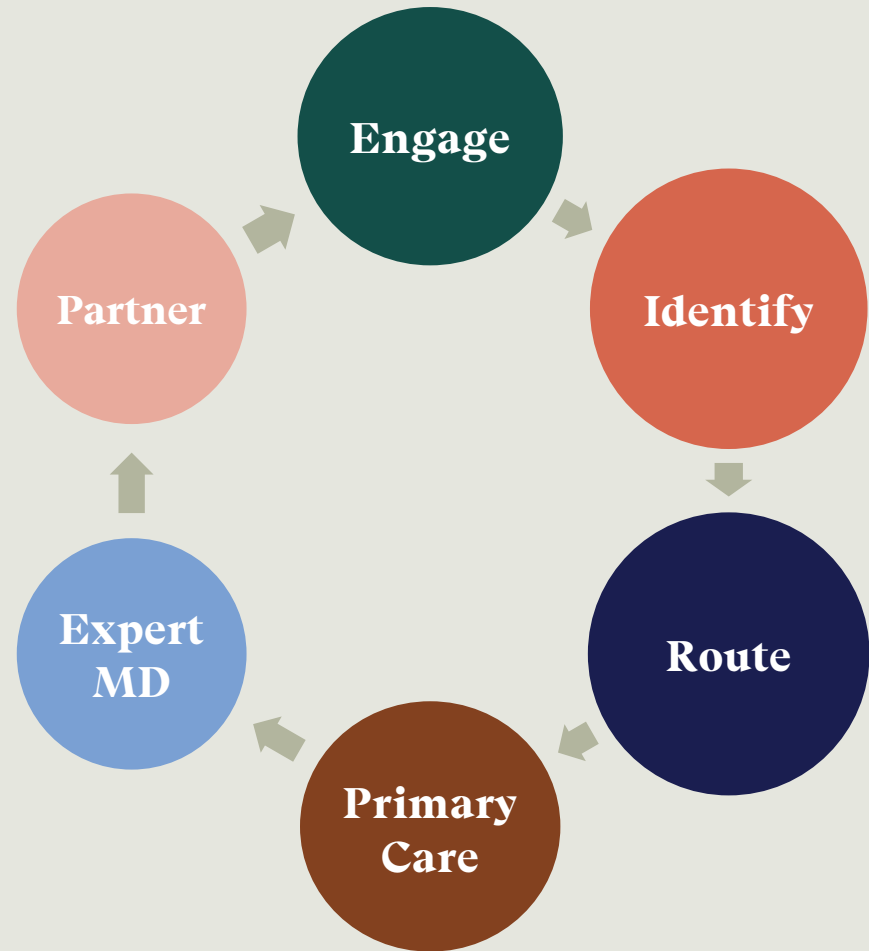
Find Care promotion



Closed loop reporting



Business Model Builds Momentum as Adoption Grows

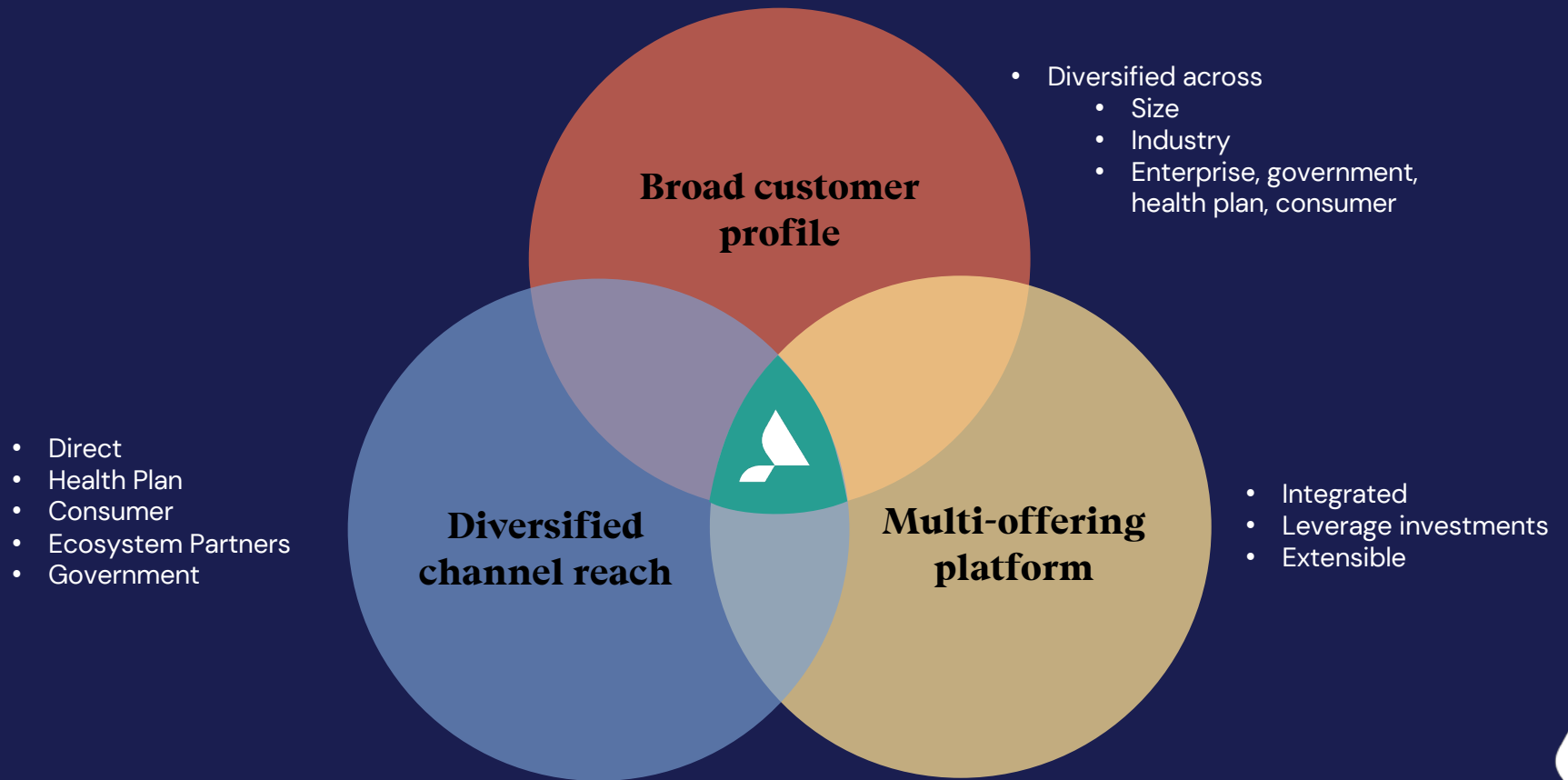




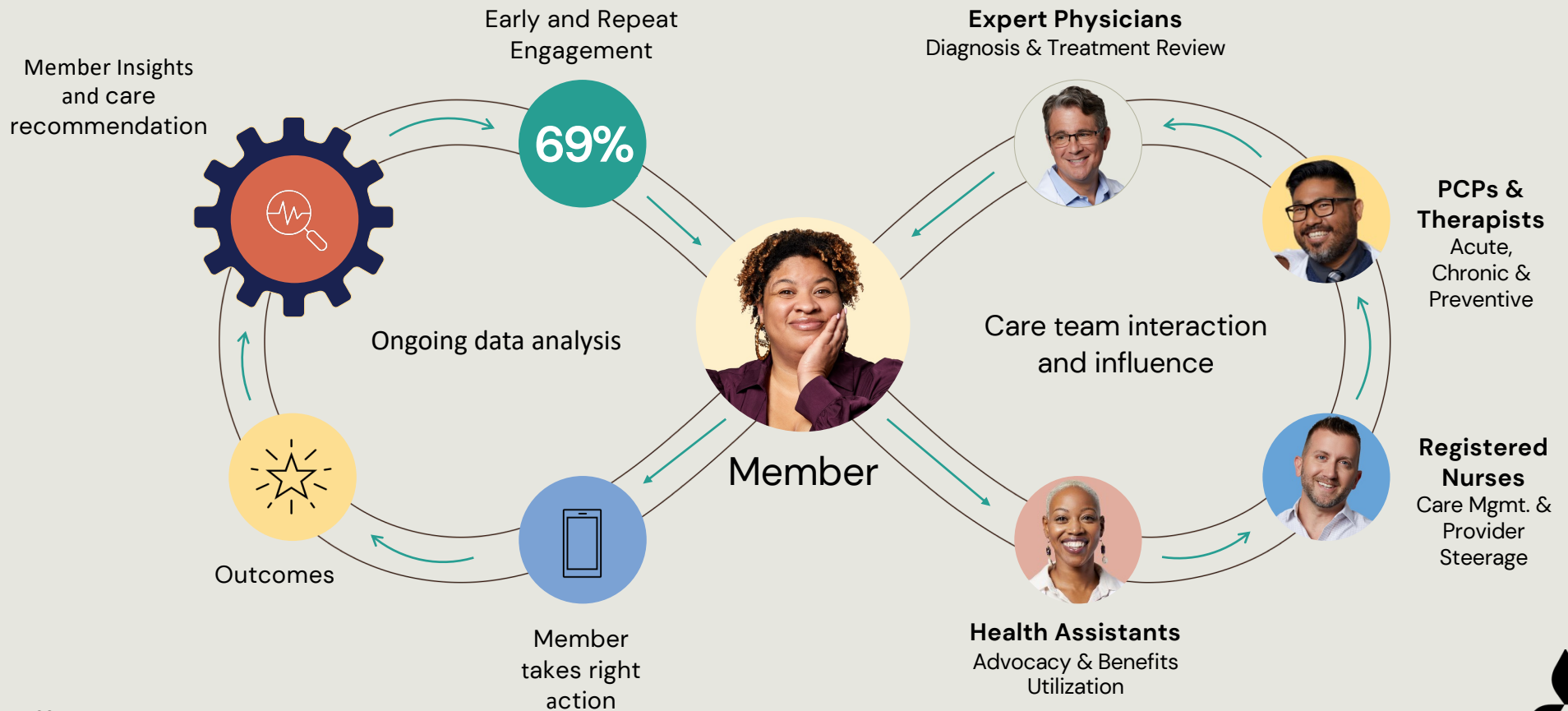
Distribution Reach



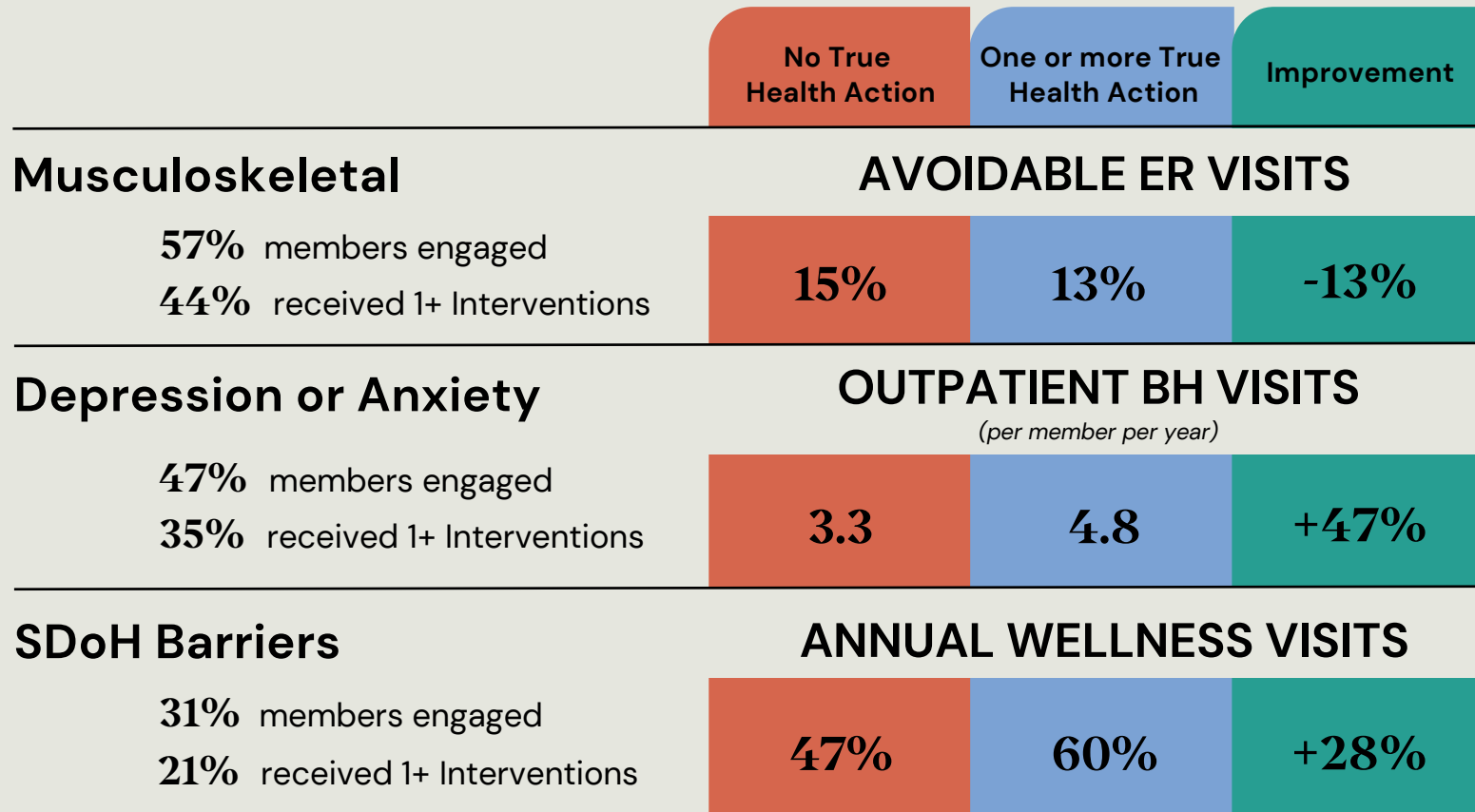
Diversified customer profiles create opportunity and expand TAM



Business Model Builds Momentum as Adoption Grows



Improved Outcomes Across Conditions





Financials



Accelerating Accolade's Innovation

Continuous investment in clinical transformation and operational excellence



Created a Proven High Touch, High Tech Personalized Advocacy Model



Launched Intelligent Provider Matching (MDI Acquisition)



Launched Accolade COVID Response Care



Launched Mental Health Integrated Care



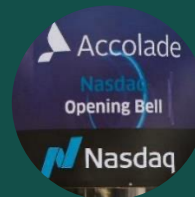
Acquired 2nd.MD - Expert Medical Opinion



Acquired PlushCare - Virtual Primary Care



Introduced Personalized Healthcare



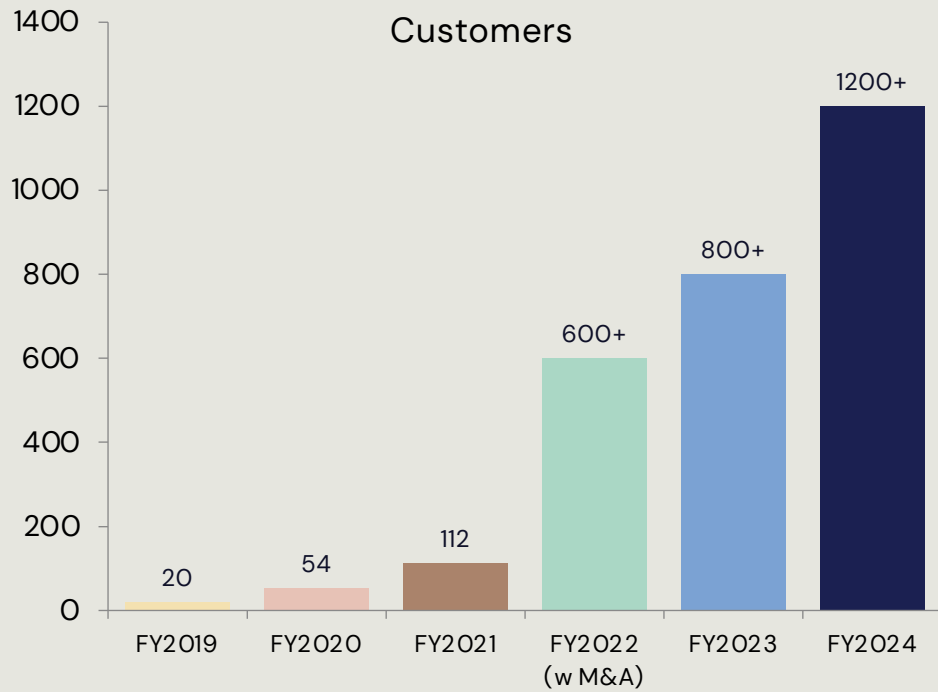
IPO • July 2020

Follow-on Offering • October 2020

Convertible Debt Offering • March 2021



Significantly Expanded Addressable Market



**\$216 billion
TAM**

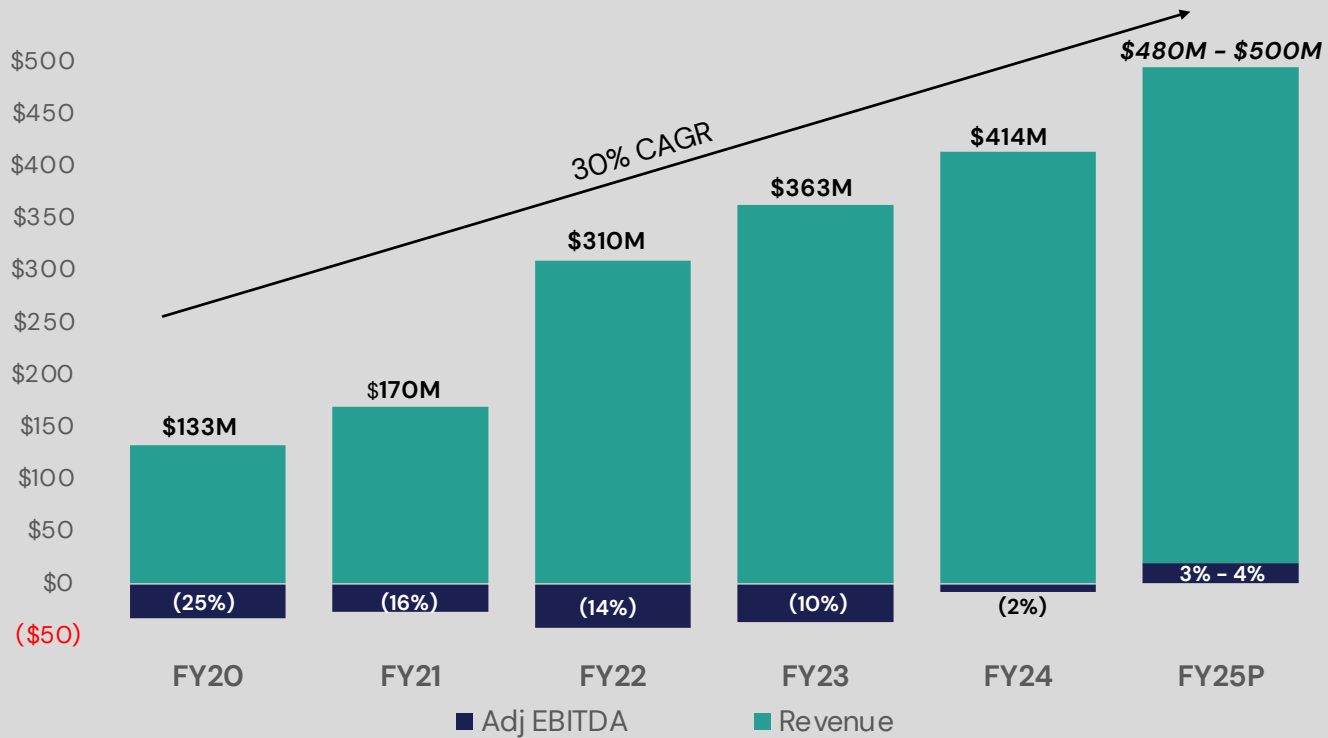
\$170B
Primary Care

\$22B
Expert Medical Opinion

\$24B
Navigation & Advocacy

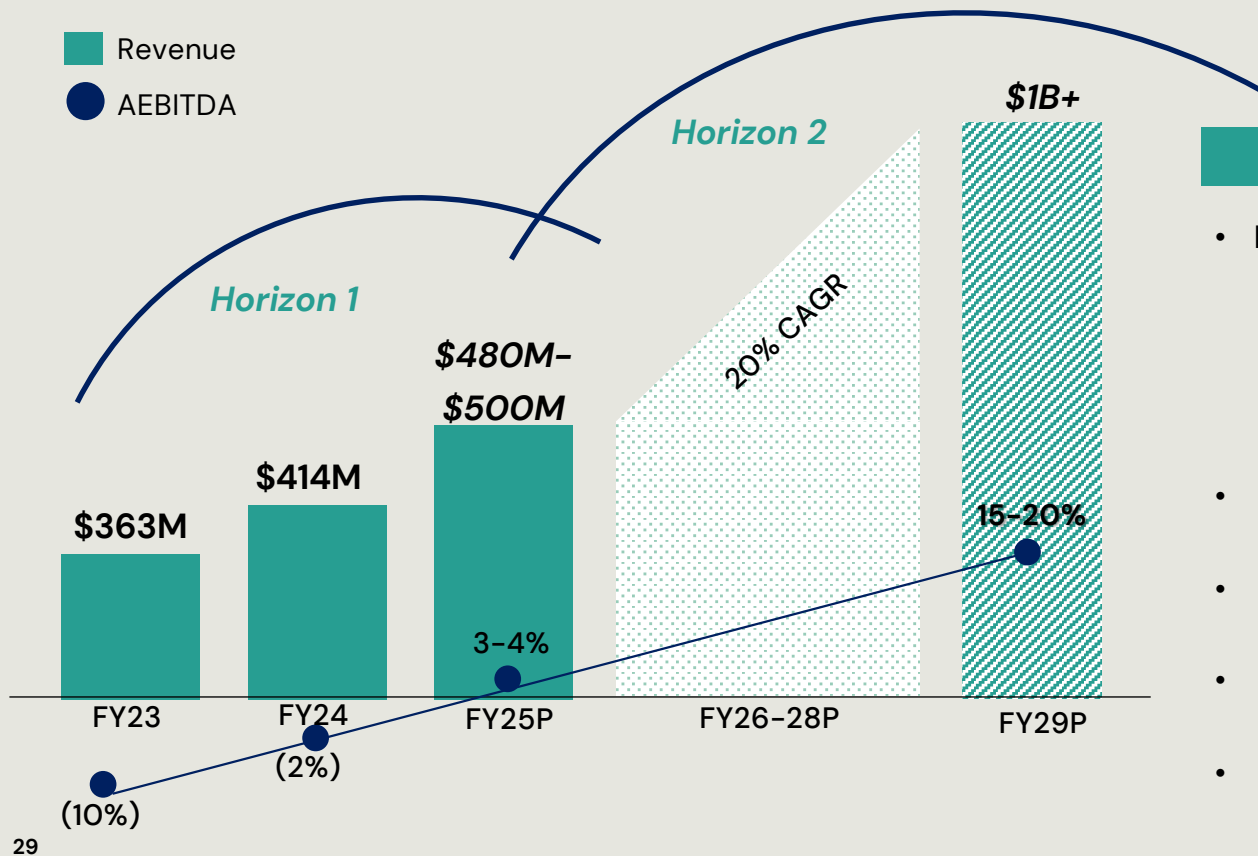


Consistent growth and progress toward profitability



Strong visibility to growth and profitability

Targeting \$1 billion revenue and 15–20% Adjusted EBITDA in FY29

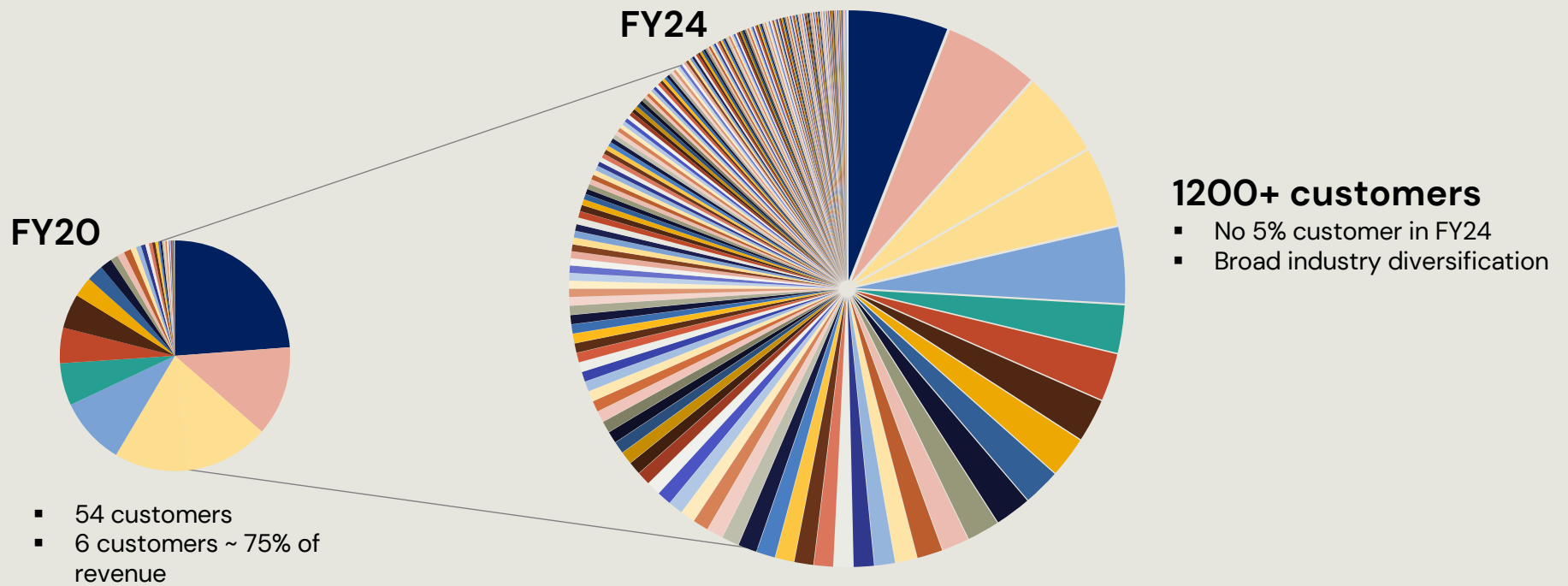


Key drivers

- 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



Customer and revenue diversification



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%

Refer to the Appendix for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures.



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 income (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 debt extinguishment gain or loss and 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, the calculation of our Adjusted Gross Profit and Adjusted Gross Margin:



Adjusted EBITDA (Loss) Reconciliation

(\$ in thousands)

Fiscal year ended February 28 (29),	2020	2021	2022	2023	2024
Net Loss	\$ (51,365)	\$ (50,652)	\$ (123,124)	\$ (459,650)	\$ (99,805)
Adjusted for:					
Interest expense (income), net	2,925	3,724	2,905	(255)	(5,952)
Income tax expense (benefit)	129	4	(5,639)	(3,624)	1,235
Depreciation and amortization	8,516	8,212	42,608	46,377	45,164
Stock-based compensation	6,002	9,576	72,939	72,644	60,941
Acquisition & integration-related costs	567	2,050	13,219	1,218	(7)
Goodwill impairment	--	--	--	299,705	--
Change in fair value of contingent consideration	--	--	(45,416)	--	--
Severance costs	--	--	--	7,065	864
Other expense (income)	107	147	133	15	(9,931)
Adjusted EBITDA (Loss)	\$ (33,119)	\$ (26,939)	\$ (42,375)	\$ (36,505)	\$ (7,491)

*Please refer to page 35 for important information regarding non-GAAP financial measures



Adjusted Gross Profit & Gross Margin Reconciliation

(\$ in thousands)

Fiscal year ended February 28 (29),	2020	2021	2022	2023	2024
Revenue	\$ 132,507	\$ 170,358	\$ 310,021	\$ 363,142	\$ 414,292
Cost of revenue, excluding depreciation and amortization	(73,685)	(93,673)	(169,019)	(198,905)	(222,232)
Amortization of acquired intangible assets, cost of revenue	(846)	(1,450)	(26,971)	(28,075)	(28,048)
Depreciation of property and equipment, cost of revenue	(6,653)	(6,023)	(4,836)	(3,677)	(5,213)
GAAP Gross Profit	\$ 51,323	\$ 69,212	\$ 109,195	\$ 132,485	\$ 158,799
GAAP Gross Margin	38.7%	40.6%	35.2%	36.5%	38.3%
GAAP Gross Profit	\$ 51,323	\$ 69,212	\$ 109,195	\$ 132,485	\$ 158,799
Amortization of acquired intangible assets, cost of revenue	846	1,450	26,971	28,075	28,048
Depreciation of property and equipment, cost of revenue	6,653	6,023	4,836	3,677	5,213
Stock-based compensation, cost of revenue	318	948	3,197	4,794	4,309
Severance costs, costs of revenue	-	-	-	1,025	686
Adjusted Gross Profit	\$ 59,140	\$ 77,633	\$ 144,199	\$ 170,056	\$ 197,055
Adjusted Gross Margin	44.6%	45.6%	46.5%	46.8%	47.6%

*Please refer to page 35 for important information regarding non-GAAP financial measures



Adjusted Operating Expense Reconciliation

(\$ in thousands)

Fiscal year ended February 28 (29),	2020	2021	2022	2023	2024
Revenue	\$ 132,507	\$ 170,358	\$ 310,021	\$ 363,142	\$ 414,292
Operating Expenses	107,026	123,462	266,727	627,751	306,513
Less:					
Depreciation and amortization	(8,516)	(8,212)	(42,608)	(46,377)	(45,164)
Stock-based compensation	(5,684)	(8,628)	(69,742)	(67,850)	(56,632)
Acquisition, integration-related costs and other	(567)	(2,050)	(13,219)	(1,218)	7
Goodwill Impairment	--	--	--	(299,705)	--
Change in fair value of contingent consideration	--	--	45,416	--	--
Severance costs	--	--	--	(6,040)	(178)
Adjusted Operating Expenses	\$ 92,259	\$ 104,572	\$ 186,574	\$ 206,561	\$ 204,546
Adjusted Operating Expenses as a % of Revenue	70%	61%	60%	57%	49%

*Please refer to page 35 for important information regarding non-GAAP financial measures



