



Accolade Investor Presentation

January 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 SEC reports, including, but not limited to our prospectuses filed with the SEC on July 1, 2020 and October 19, 2020, respectively, and the Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2020.

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

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The Healthcare System Is Broken

Overuse, Underuse, Misuse

>\$200bn of annual healthcare spend is wasted

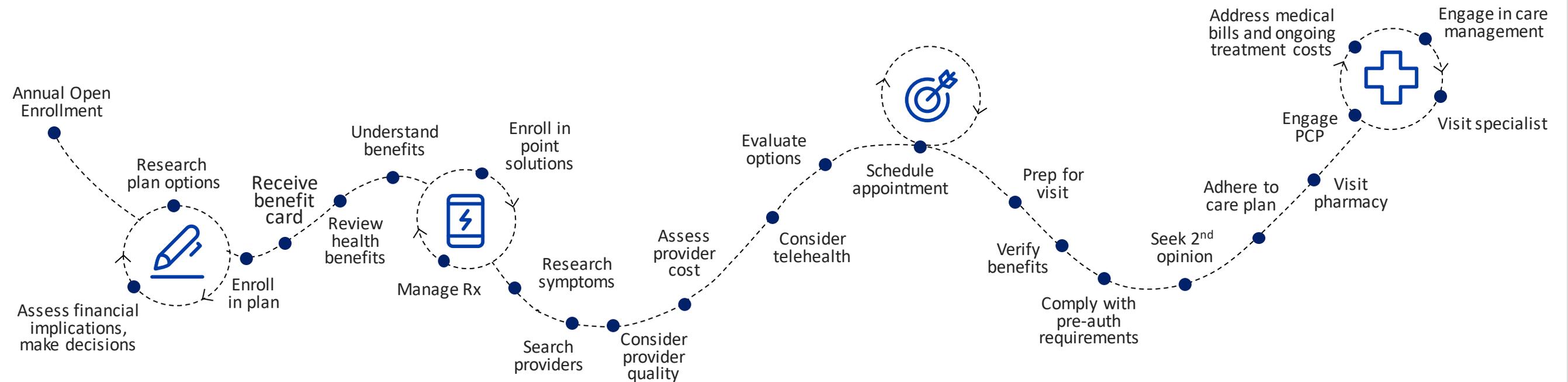
Failures in care delivery, shortcomings in care coordination, and widespread overtreatment and low-value care

Rising Costs

Large employers spend >\$10k per employee/yr, costs rising 6% annually on avg

Avg premiums for family coverage increased 54% over the last ten years

Complex Consumer Journey



Accolade: A Single Place to Turn

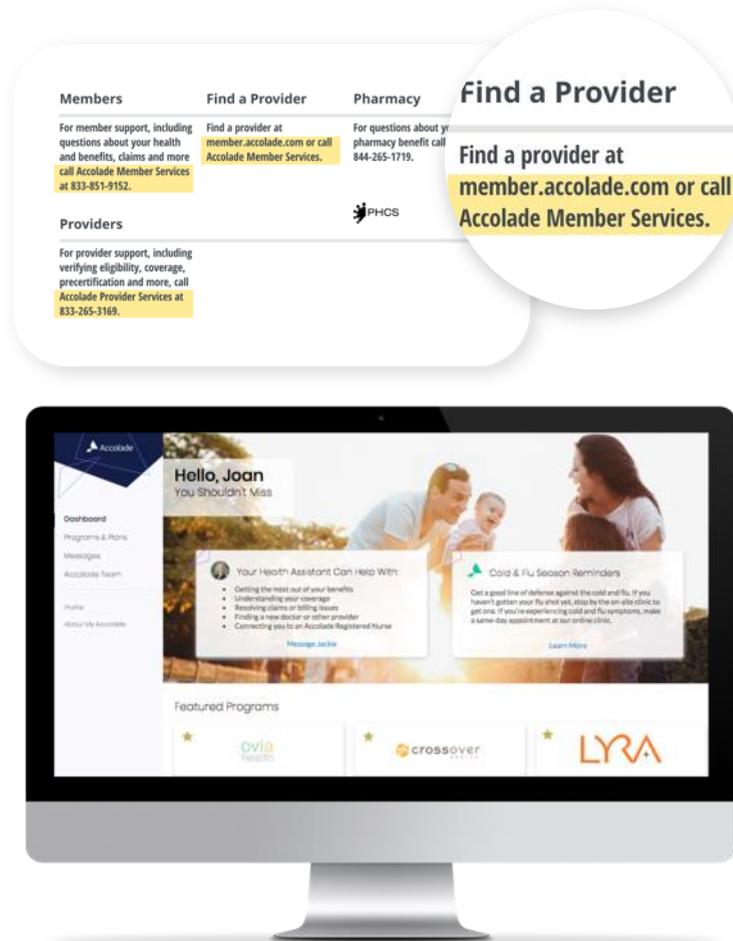
Our mission is to empower people through expertise, empathy, and technology to make the best decisions for their health and well-being



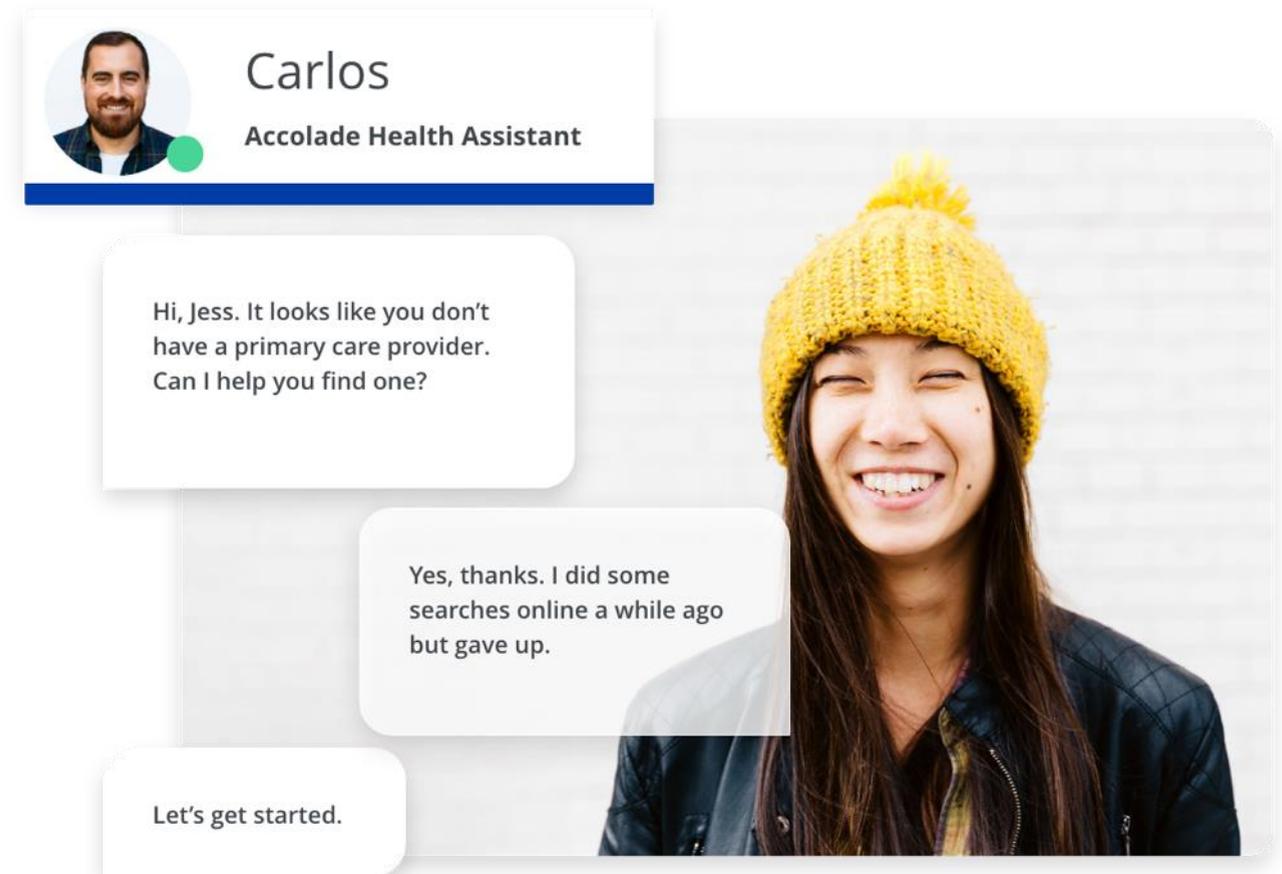
*Accolade does not provide medical care or establish patient relationships

A Differentiated Engagement Model...

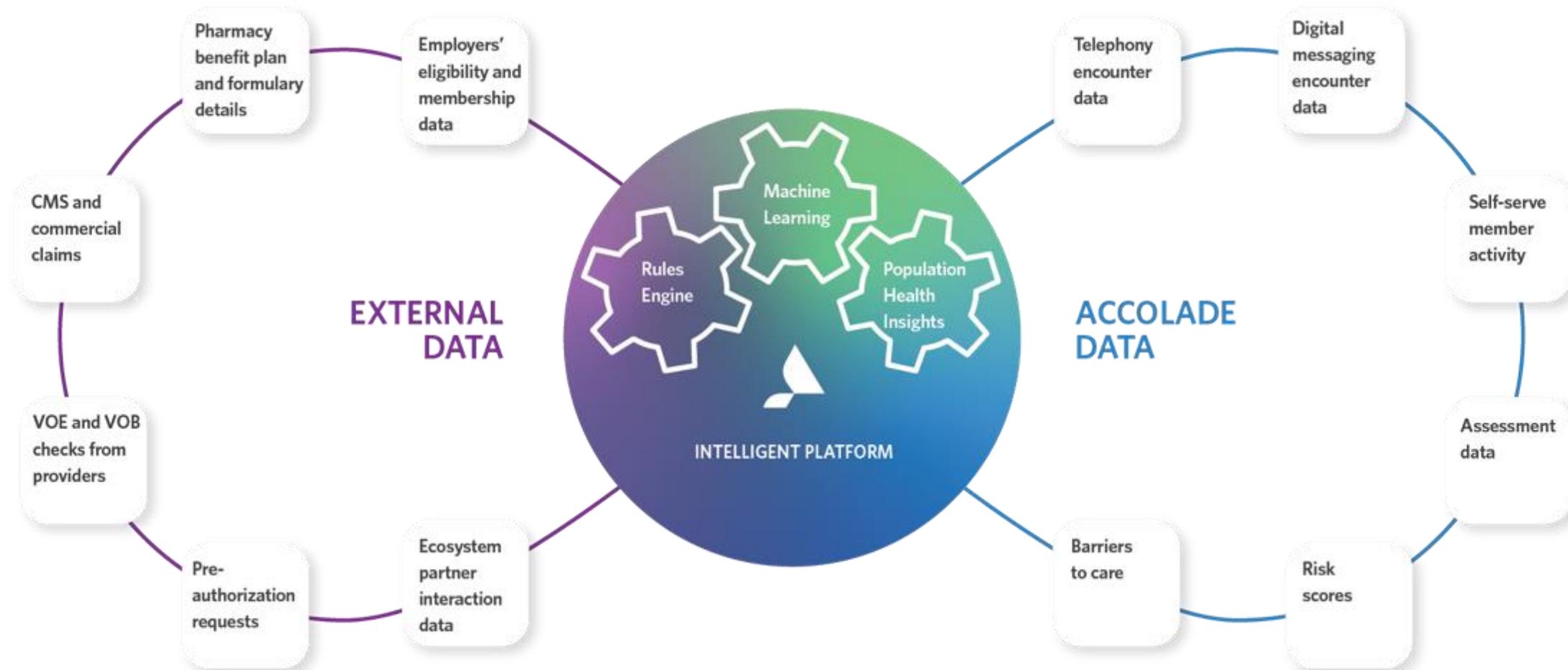
Meet members where they are and deliver a seamless experience



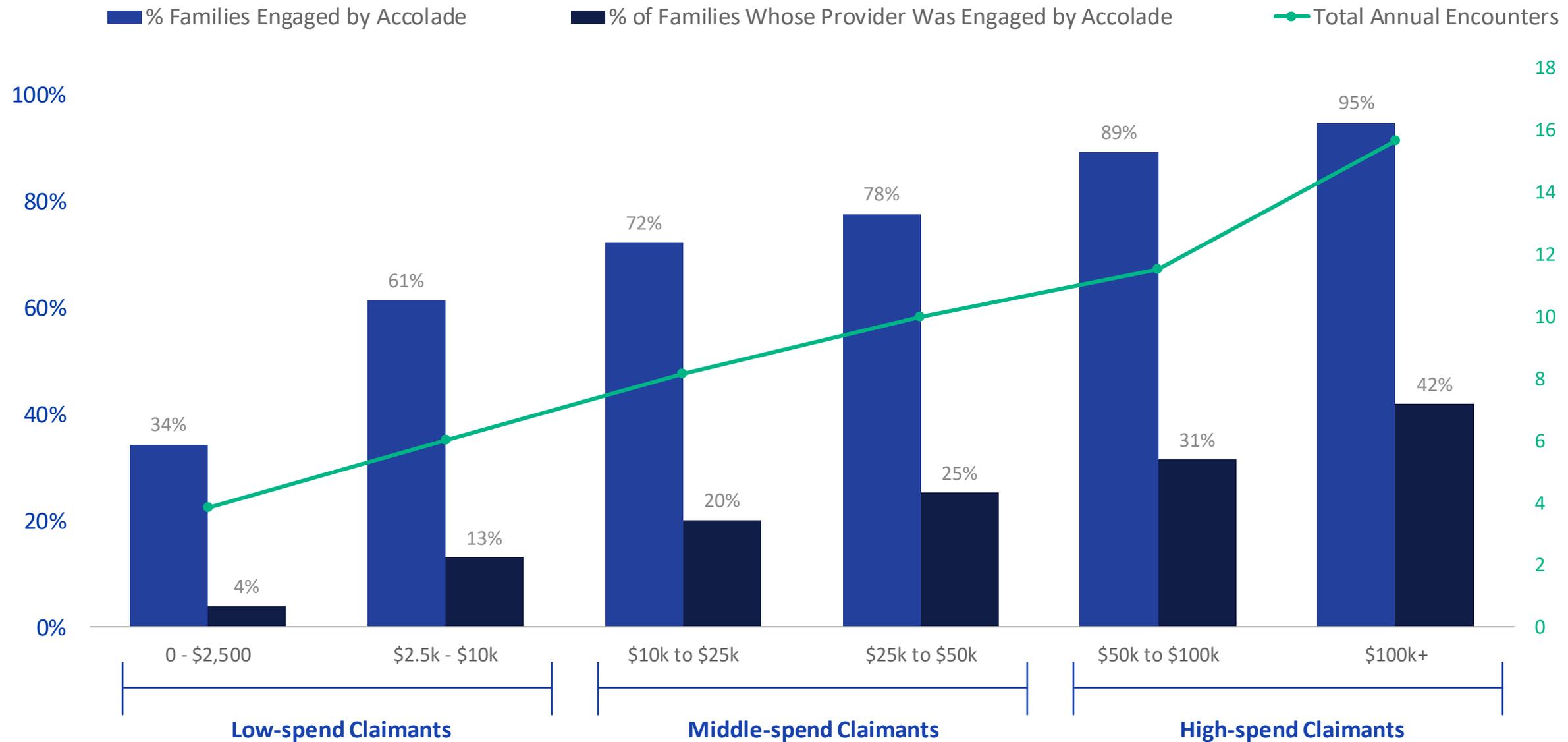
Gather and appreciate context, act with empathy



...That Leverages Extensive Data Sets and Intelligence...



...Applied Across the Population



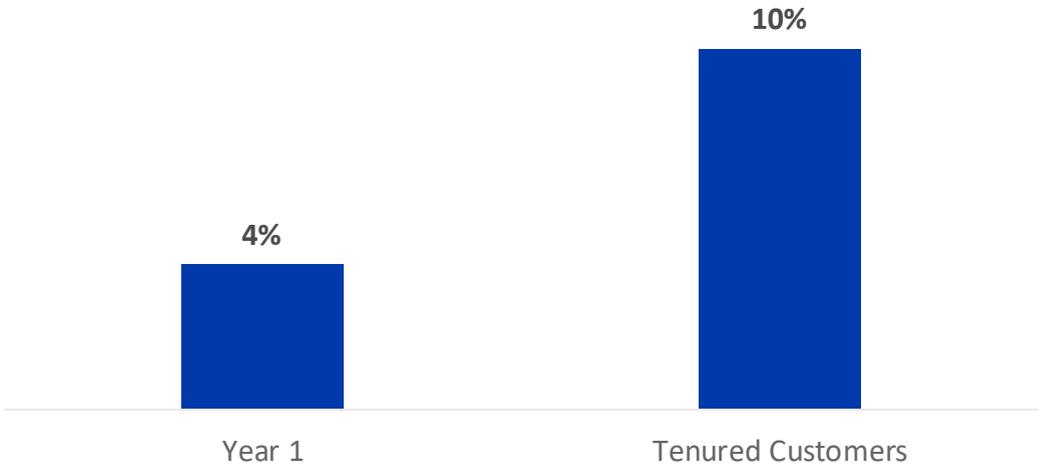
Source: Accolade Total Health & Benefits book of business data, Service Year 2019

Accolade: A Proven Model That Delivers Cost Savings

Average Annual Customer Savings

Customer Cost Savings per Year

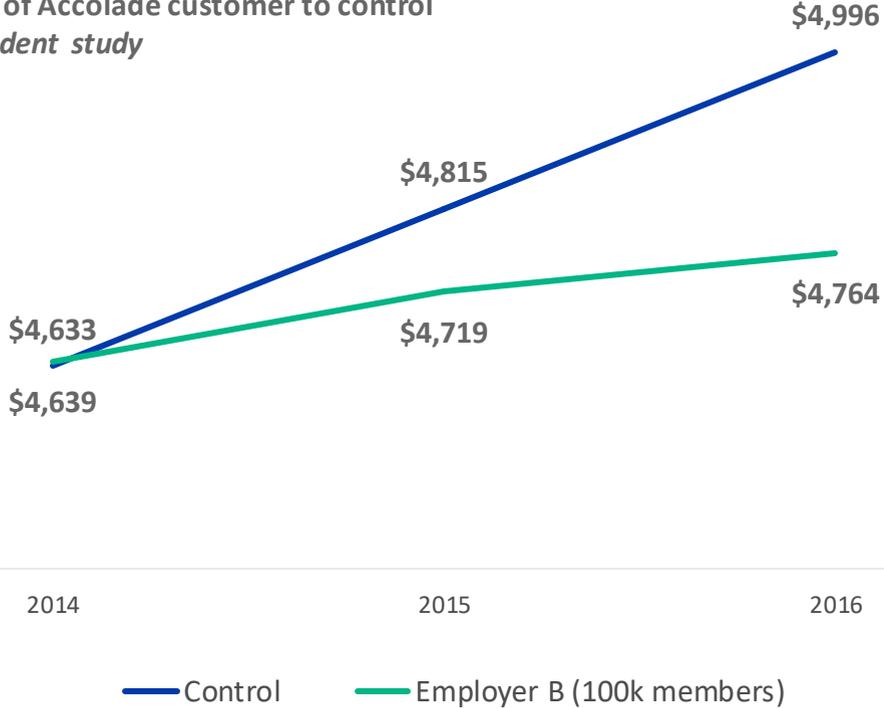
Savings on employers' total healthcare spend
Accolade book of business results



Member Spend per Year

Member Spend Per Year (PMPY)

Comparison of Accolade customer to control
Aon independent study



Source: Accolade Total Health & Benefits book of business results; "Accolade: The Effect of Personalized Advocacy on Claims Cost," (Aon, Oct 2018)
 Aon study evaluated two employer customers, Employer A (10k+ members) over a one-year period and Employer B (100k+ members) over a three-year period, and observed savings for Employer A of \$782 per employee per year (6.5% reduction vs. similar groups) and Employer B of \$527 per employee per year (4.6% reduction vs. similar groups). Savings were driven by lower inpatient, outpatient, and Rx spend across all members (0 chronic conditions to 3+ chronic conditions).

How We Do It: Clinical Philosophy

Evidence-based, data-driven, and pragmatic

Whole Population

Engage across spend bands
and risk profiles

Whole Person

Account for context
and social determinants

Integrated

Weave together care for
all of an individual's needs

Attuned to Behavioral Health Needs

Screen for BH issues consistently;
deliver appropriate support

Relationship-Based

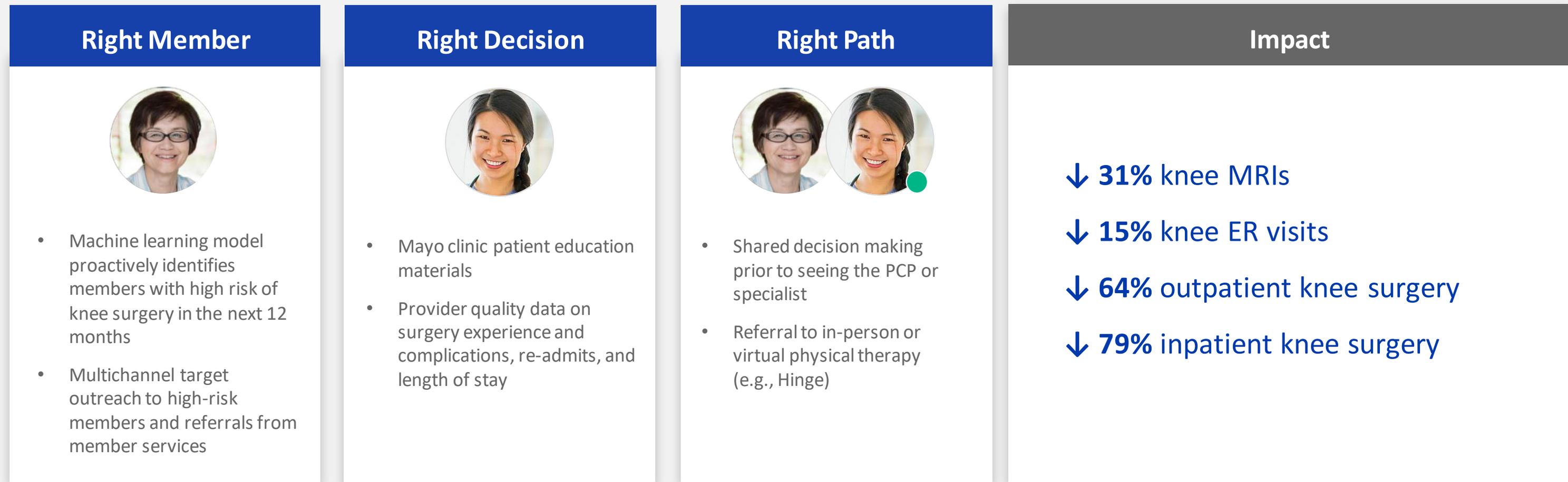
Build relationships that persist
throughout care journeys

Proactive

Draw on member, employer, and
industry data to intervene early

Clinical Model Lowers Unnecessary Healthcare Utilization

Example: Improving knee pain-related utilization trends

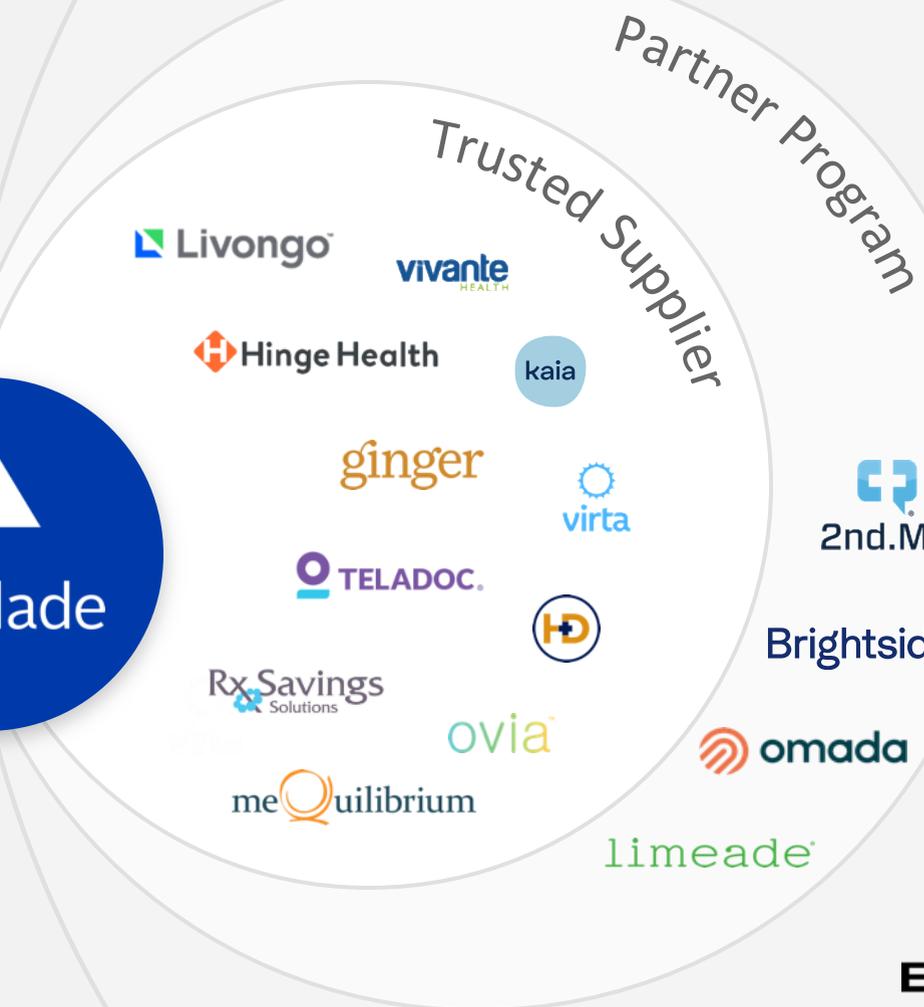


Source: Representative Accolade customer analysis (based on service dates from July 2018-July 2019)

A Platform for Driving Benefits Engagement

Benefit Categories

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



- Willis Towers Watson
- Kaiser Permanente
- rethink
- vsp Vision care for life
- UnitedHealthcare
- progyny Smarter Fertility Benefits
- DELTA DENTAL

- COMPSYCH - The GuidanceResources Company
- alight
- WebMD

- Livongo
- vivante HEALTH
- Hinge Health
- kaia
- ginger
- virta
- TELADOC
- HD
- Rx Savings Solutions
- ovia
- meQuilibrium
- omada
- limeade

- EXPRESS SCRIPTS
- WeightWatchers
- MERCER

- 2nd.MD
- Brightside
- Bright Horizons
- OPTUM

- crossover HEALTH
- CVS CAREMARK

- EXTRADE
- MetLife
- Virgin Pulse

- REDBRICK HEALTH
- WageWorks
- Fidelity INVESTMENTS
- sedgwick

- NATIONWIDE INSURANCE Nationwide is on your side
- dr. on demand

Accolade's Offerings

Core Offerings

Solutions designed to address customers' varied priorities, available at a range of price points and with different degrees of carrier integration

Accolade Total Health and Benefits

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

Accolade Total Care

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

Accolade Total Benefits

- ✓ Benefits engagement
- ✓ Clinical guidance

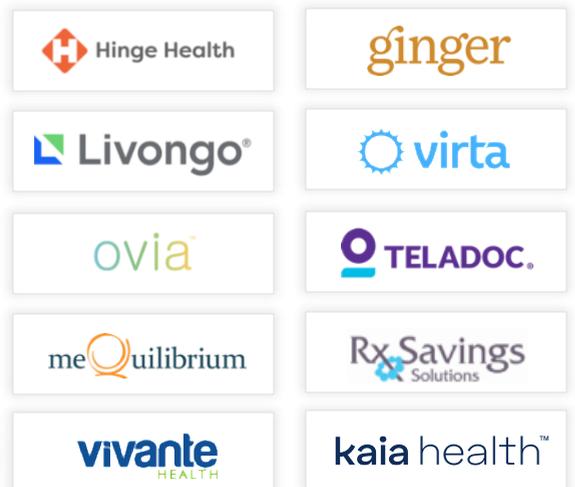
Add-on Offerings

Extensions that empower benefits teams, enabling strategic investments and driving increased member engagement

Accolade Boost



Trusted Supplier Program



New Offerings | Accolade COVID Response Care

Extensibility of Accolade platform allows for quick product development to meet customers' needs

Keep current
with clinical evidence

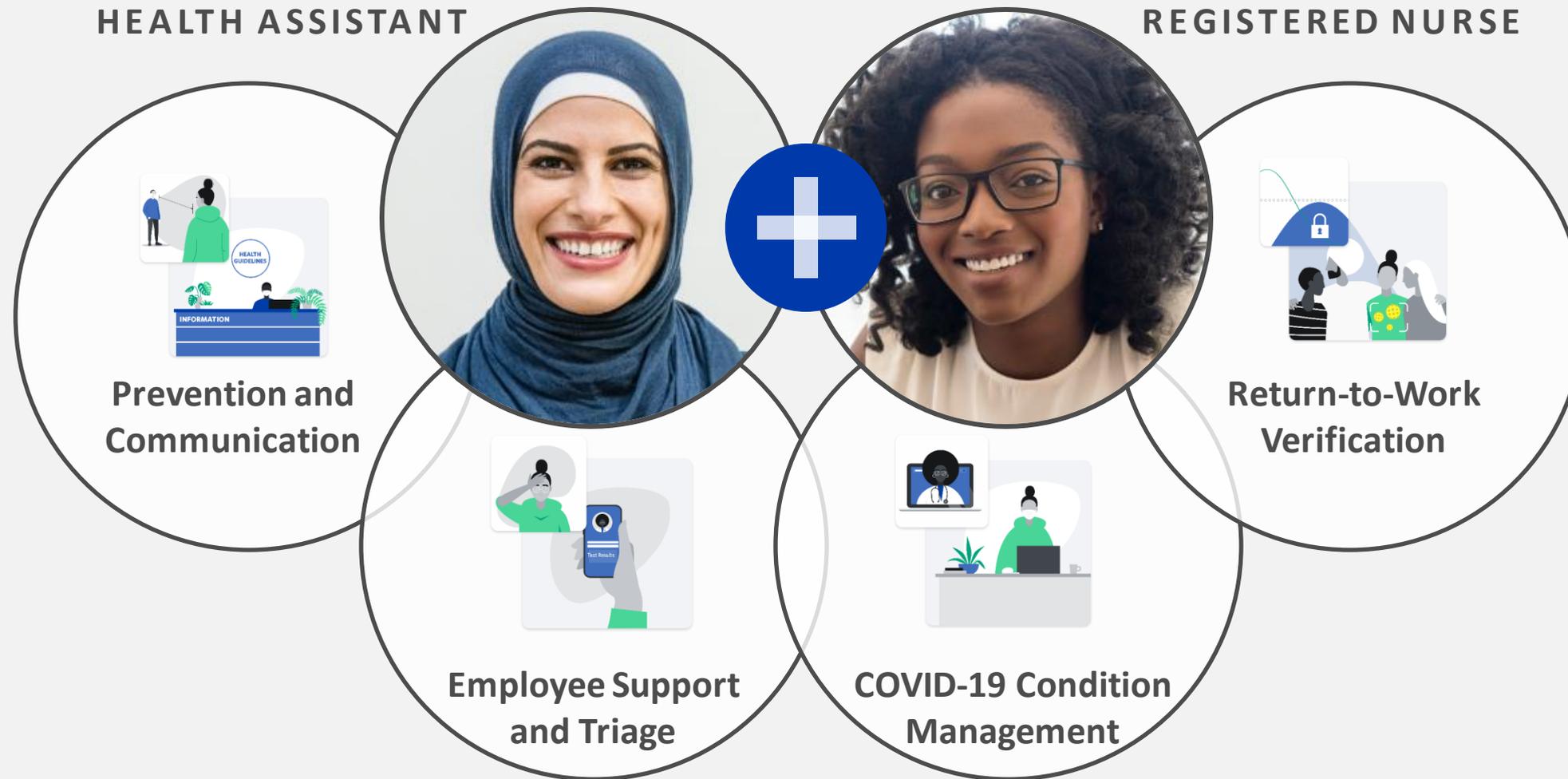
Avoid returning
too soon or too late

Reduce HR
team burden

Gain the flexibility to
support future needs

HEALTH ASSISTANT

REGISTERED NURSE



New Offerings | Mental Health Integrated Care

Relationship-centered model positioned us to bring the first collaborative care solution for employers to market



Shannon

Accolade Nurse



Front-Line
Care Team



On-Demand BH
Coaches, Therapists,
Psychiatrists



Integrated Data
and Processes

Higher
Engagement

Faster
Quality Care

Better
Outcomes

My therapist retired and I can't find a new one. I need help with my anxiety.

I can connect you to a ginger licensed therapist to assess your needs and get you on the right path.

That sounds great.

I'll be coordinating your care with Ginger at every step.

10:24 AM

Virtual session

Stephanie Louie, LCSW



Start video call



The Future

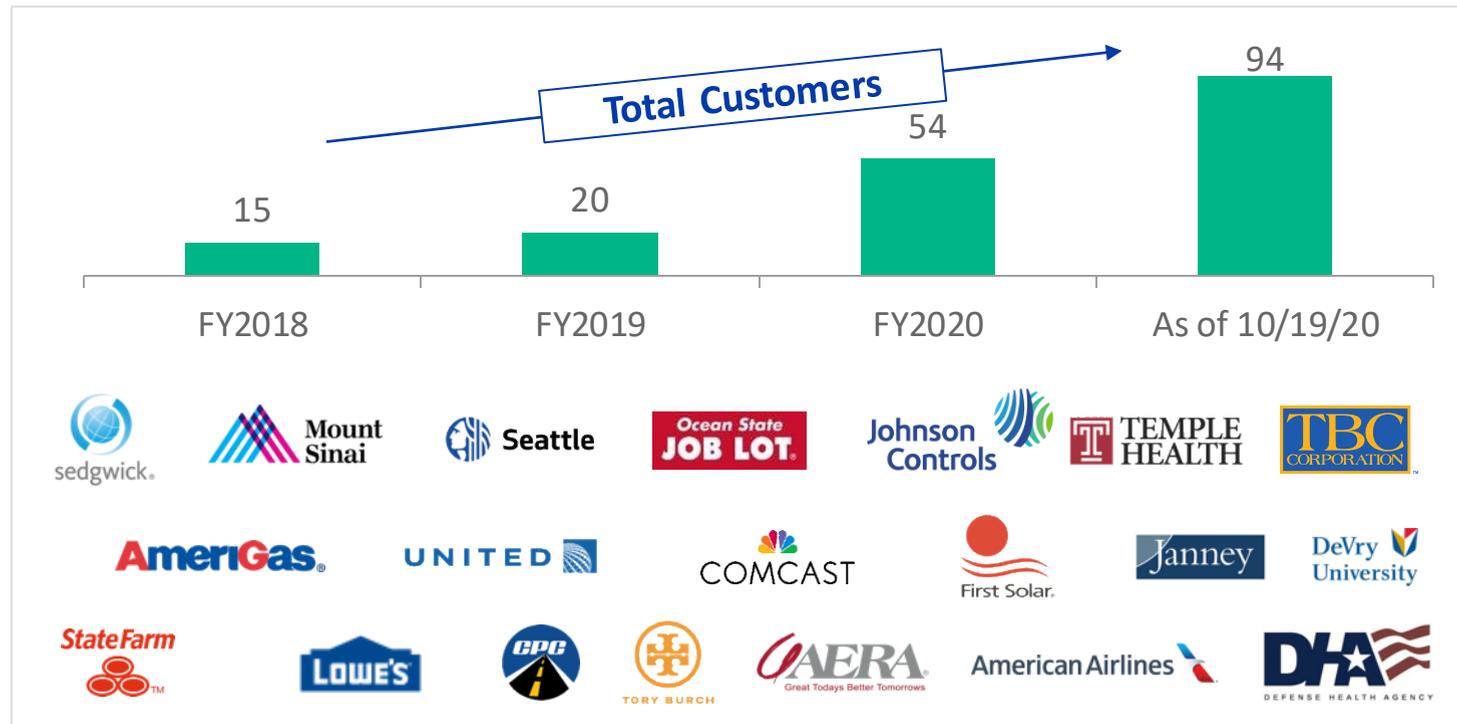
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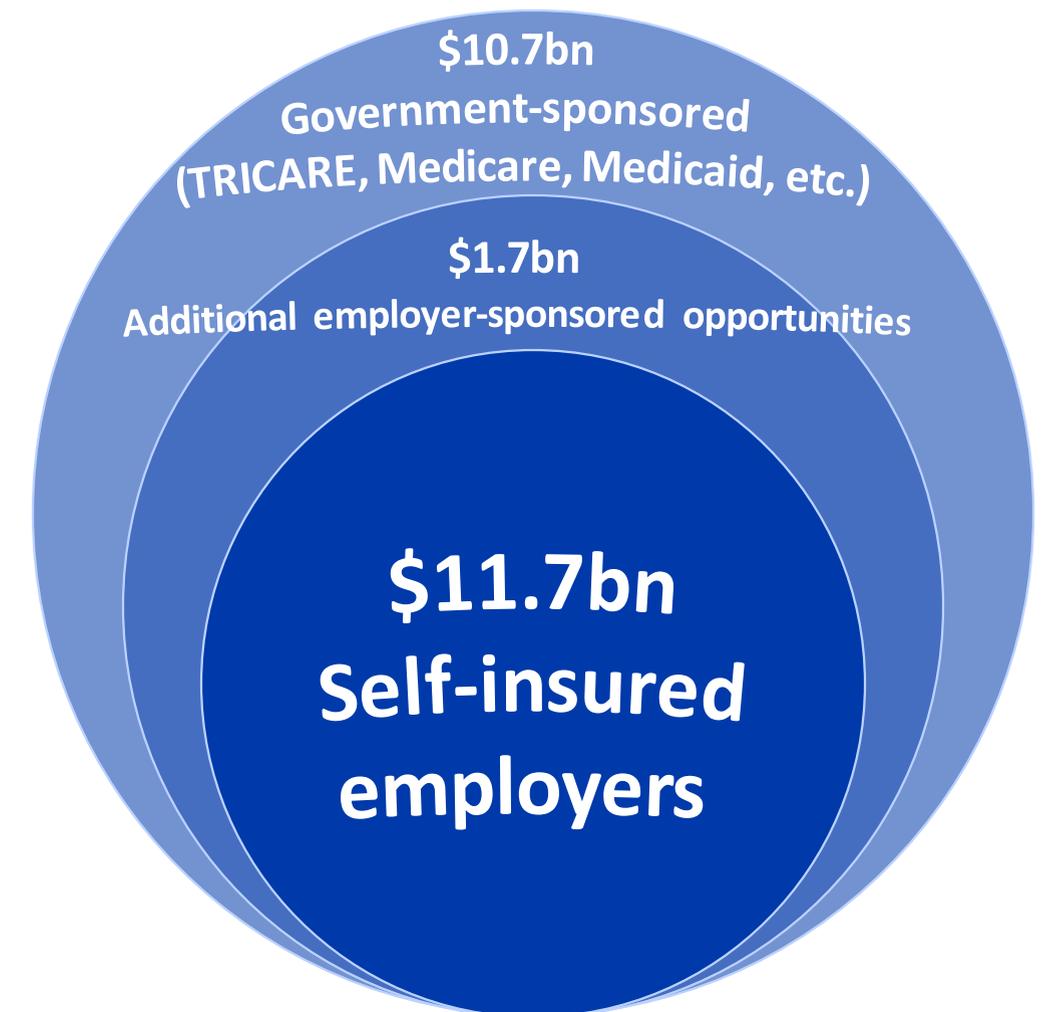
BENEFITS

Large and Growing Addressable Market



Employer Segment	Employee Count	# of Accounts
Strategic	35,000+	~300
Enterprise	5,000 - 35,000	~2,100
Mid-Market	500 - 5,000	~19,100

\$24bn TAM

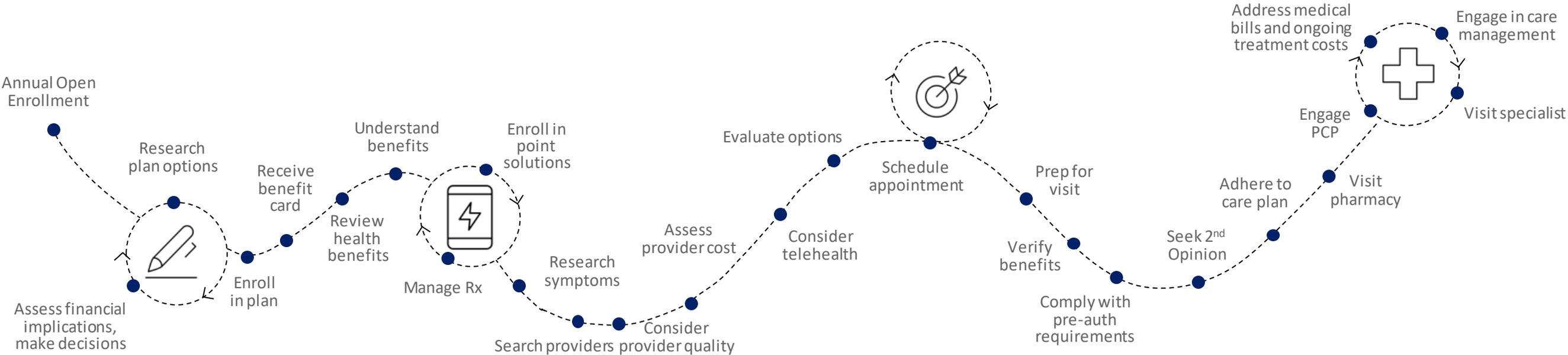


*See End Notes for additional information and definitions

Compelling Growth Strategy

Grow customer base	Further penetrate our market of 21,500 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

Unrivaled Platform and Engagement Model to Serve Members in Their Healthcare Journey



Benefits Education and Support

- Plan Selection support
- Benefit Administration
- TPAs
- Activation and Engagement
- Wellness

Provider Selection and Engagement

- Provider Search
- Provider Quality
- Cost Transparency
- Social Determinants

Care Management and Support

- Virtual Care / Telemedicine
- Tele-therapy and Psychiatry
- Expert / 2nd Opinion
- Provider Engagement
- COE and Narrow Networks
- Treatment Decision Support
- Rx
- Digital Disease Management Solutions
- Care Coordination
- Home Health
- Maternity



Financials

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Financial Highlights

ARR Bookings driving substantial revenue growth

40% revenue growth rate FY2019 to FY2020; Ended FY20 with \$161.4mm 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

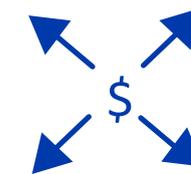
Higher margin product offerings and ecosystem partners leverage tech platform



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



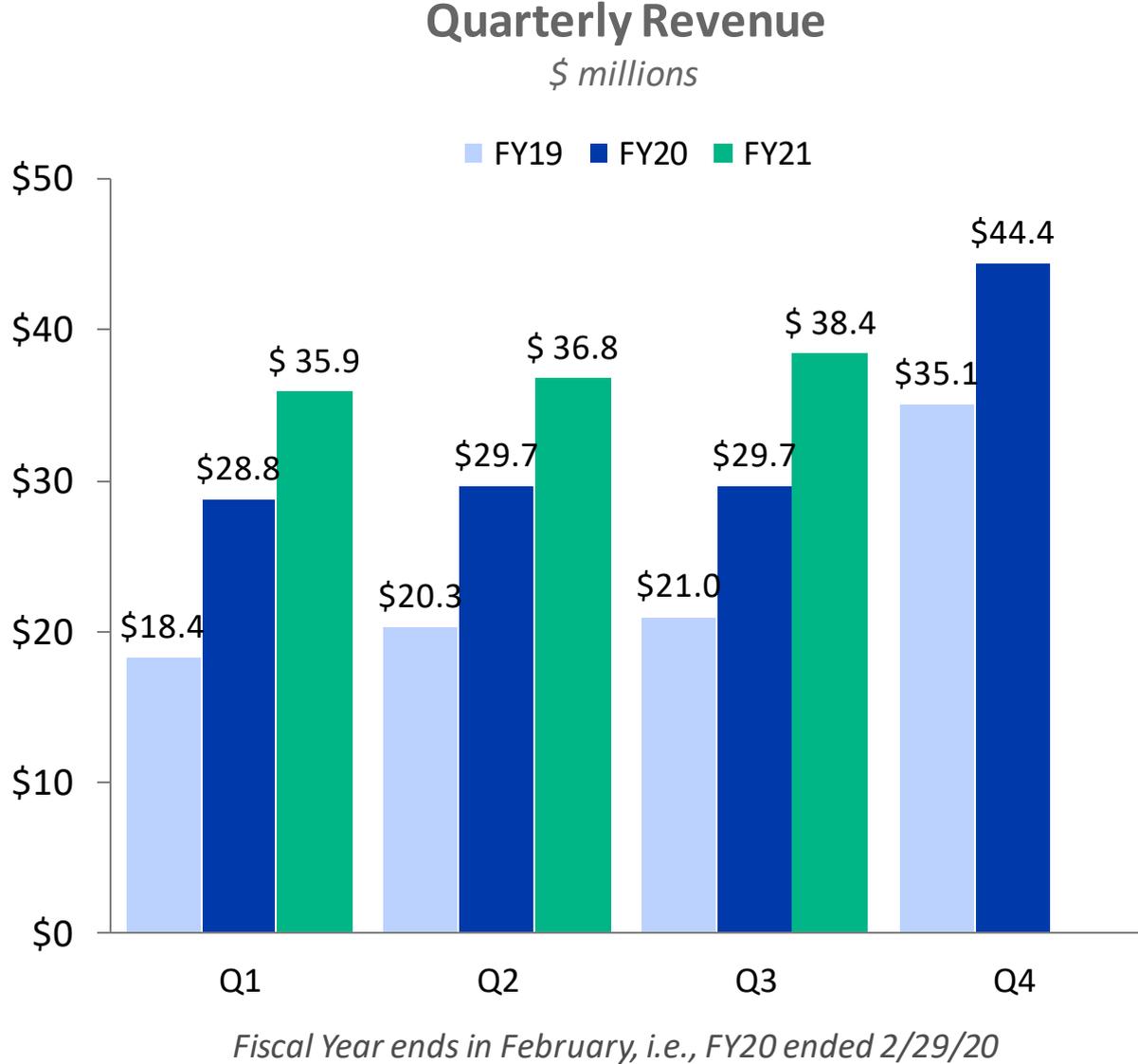
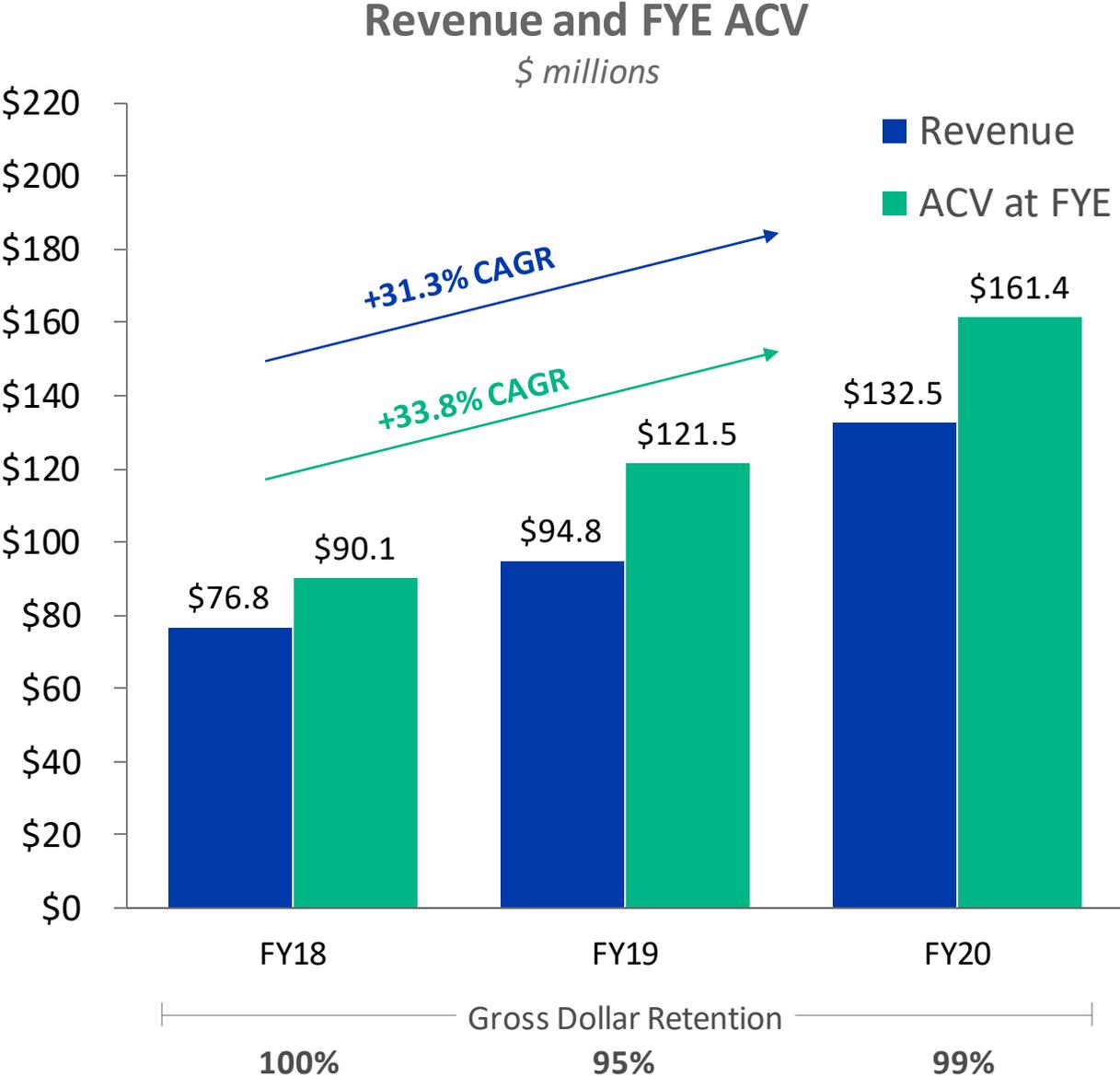
Growing Customer Diversification

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

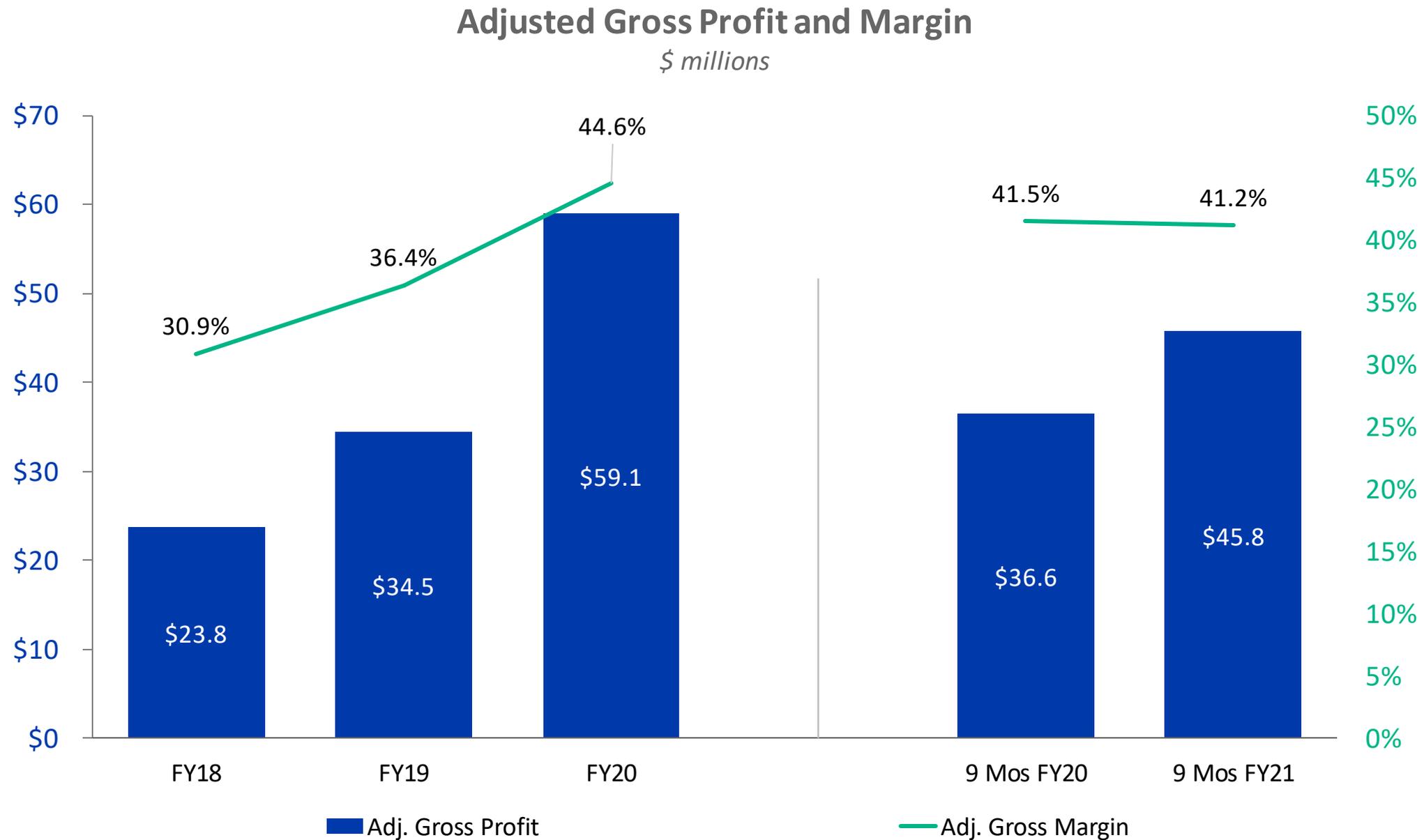


Strong Revenue Growth

Predictable, highly visible, and recurring revenue

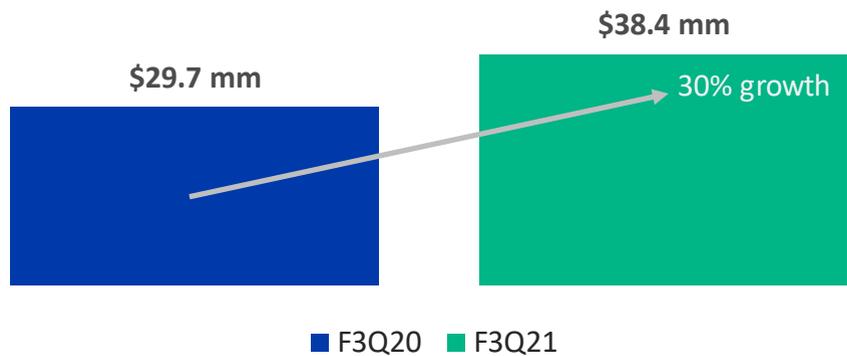


Demonstrated Improvement in Gross Profit and Margin

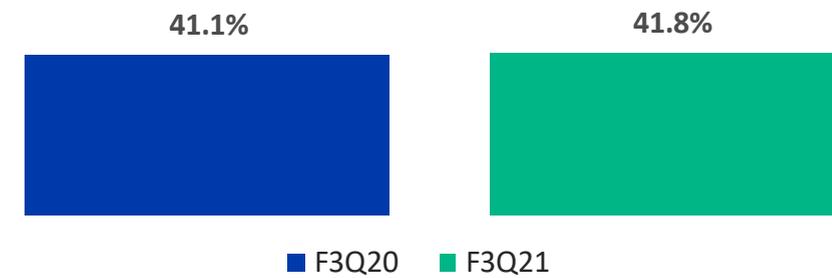


F3Q 2021 Results

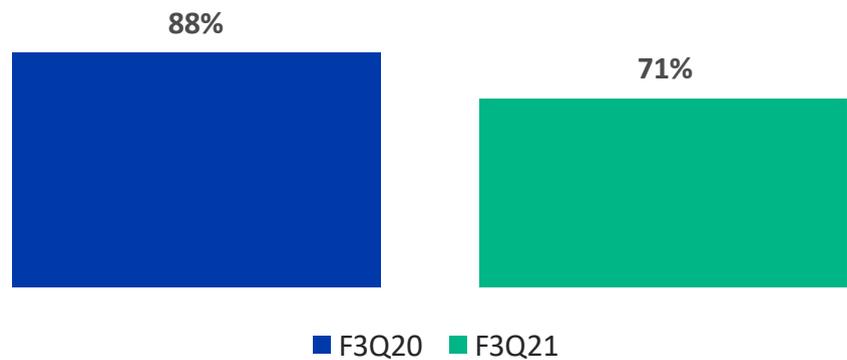
Revenue



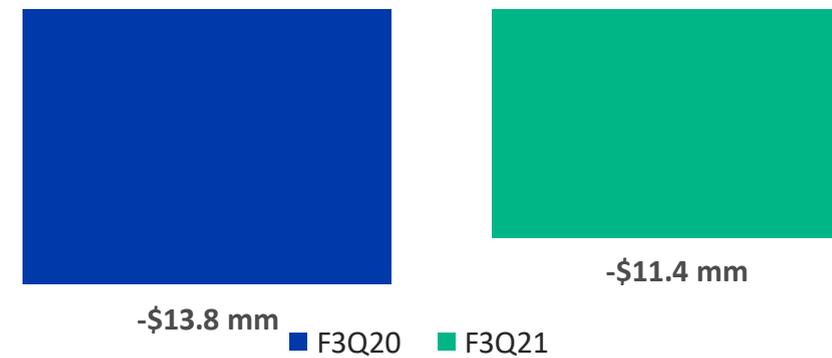
Adjusted Gross Margin



Adjusted Operating Expenses as a % of Revenue*



Adjusted EBITDA



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

Note: Percentages are calculated from accompanying Financial Tables and may differ from percentage change of numbers in Financial Highlights table due to rounding.

Business Highlights

Deep engagement across spend bands

- **50%+** member engagement rate
- **94%** member satisfaction; **60** NPS⁽¹⁾

Proven value proposition

- **4% avg. Y1 savings** for employers on HC spend;
- **10%+ per year** for more tenured customers
- **Per employee savings** of **\$527** and **\$782 per yr** (Aon)

Attractive business model, recurring revenues

- **40%** revenue growth rate FY19 to FY20
- **99%** gross dollar retention for FY20

Built-for-purpose technology

- **Significant investment** over past four years
- **200+** Product & Technology team

Differentiated clinical philosophy

- **Increase in valuable** utilization (e.g., Rx adherence)
- **Decrease in wasteful** utilization (e.g., readmissions)

Large and growing addressable market

- **94** customers⁽²⁾, of ~21,500 employers
- **>2.0mm** members⁽²⁾
- **>2.5x** yr/yr growth in customers FY20 vs. FY19

(1) Average for calendar years 2017, 2018, 2019

(2) As of October 19, 2020





Appendix

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GAAP to Non-GAAP Reconciliation

(\$ in thousands)	Fiscal Year Ended February 28 (29),		
	2018	2019	2020
Revenue	\$ 76,828	\$ 94,811	\$132,507
Less:			
Cost of revenue, excluding depreciation and amortization	(53,435)	(60,568)	(73,685)
Add:			
Stock-based compensation, cost of revenue	376	255	318
Adjusted Gross Profit	\$23,769	\$34,498	\$59,140
Adjusted Gross Margin	30.9%	36.4%	44.6%

Adjusted Operating Expenses Reconciliation

(\$ in thousands)	Three Months Ended November 30,	
	2019	2020
Revenue	\$ 29,652	\$ 38,444
Operating Expenses:	29,554	32,190
Less		
Depreciation and amortization	(2,033)	(2,114)
Stock-based compensation, operating expenses	(1,489)	(2,594)
Acquisition, integration-related costs and other	(15)	-
Adjusted Operating Expenses	\$26,017	\$27,482
<i>Adjusted Operating Expenses as a % of Revenue</i>	88%	71%

F3Q21 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:

	Three months ended November 30,			Three months ended November 30,	
	2020	2019		2020	2019
	(in thousands)			(in thousands)	
Revenue	\$ 38,444	\$ 29,652	Net loss	\$ (16,595)	\$ (18,297)
Less:			Adjusted for:		
Cost of revenue, excluding depreciation and amortization	(22,743)	(17,538)	Interest expense, net	35	827
Gross Profit, excluding depreciation and amortization	15,701	12,114	Income tax provision	29	12
Add:			Depreciation and amortization	2,114	2,033
Stock-based compensation, cost of revenue	352	75	Stock-based compensation	2,946	1,564
Adjusted Gross Profit	\$ 16,053	\$ 12,189	Acquisition and integration-related costs	-	15
Gross margin, excluding depreciation and amortization	40.8%	40.9%	Other expense	42	18
Adjusted Gross Margin	41.8%	41.1%	Adjusted EBITDA	\$ (11,429)	\$ (13,828)