



# Accolade Investor Presentation

April 2022

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, 2022 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.



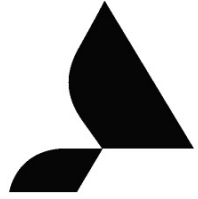
# Our Mission

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

# Our Vision

Our vision is every person living their healthiest life.





**We believe**



**relationships matter**

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**healthcare is for everyone**

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**in value-based care**

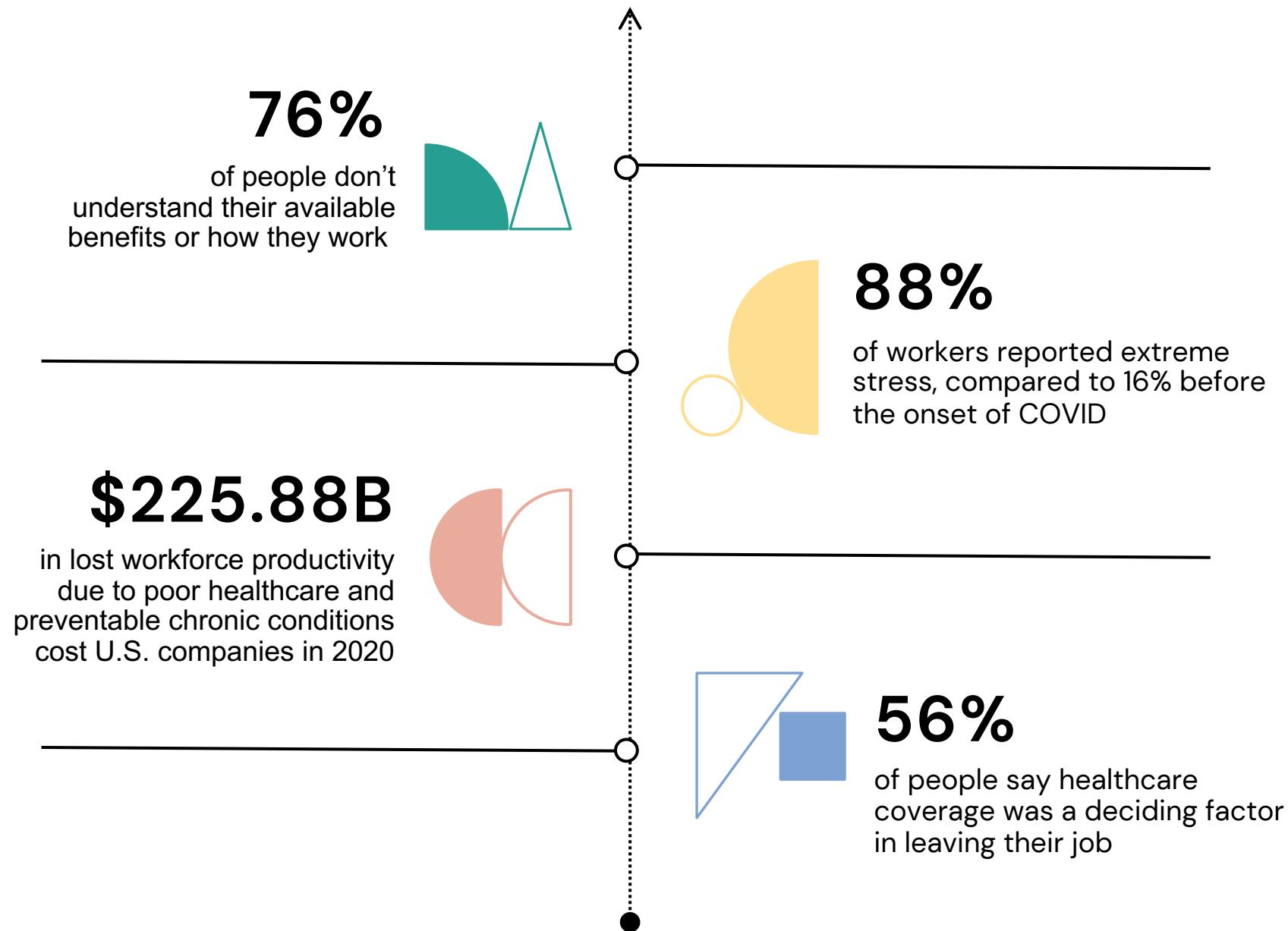
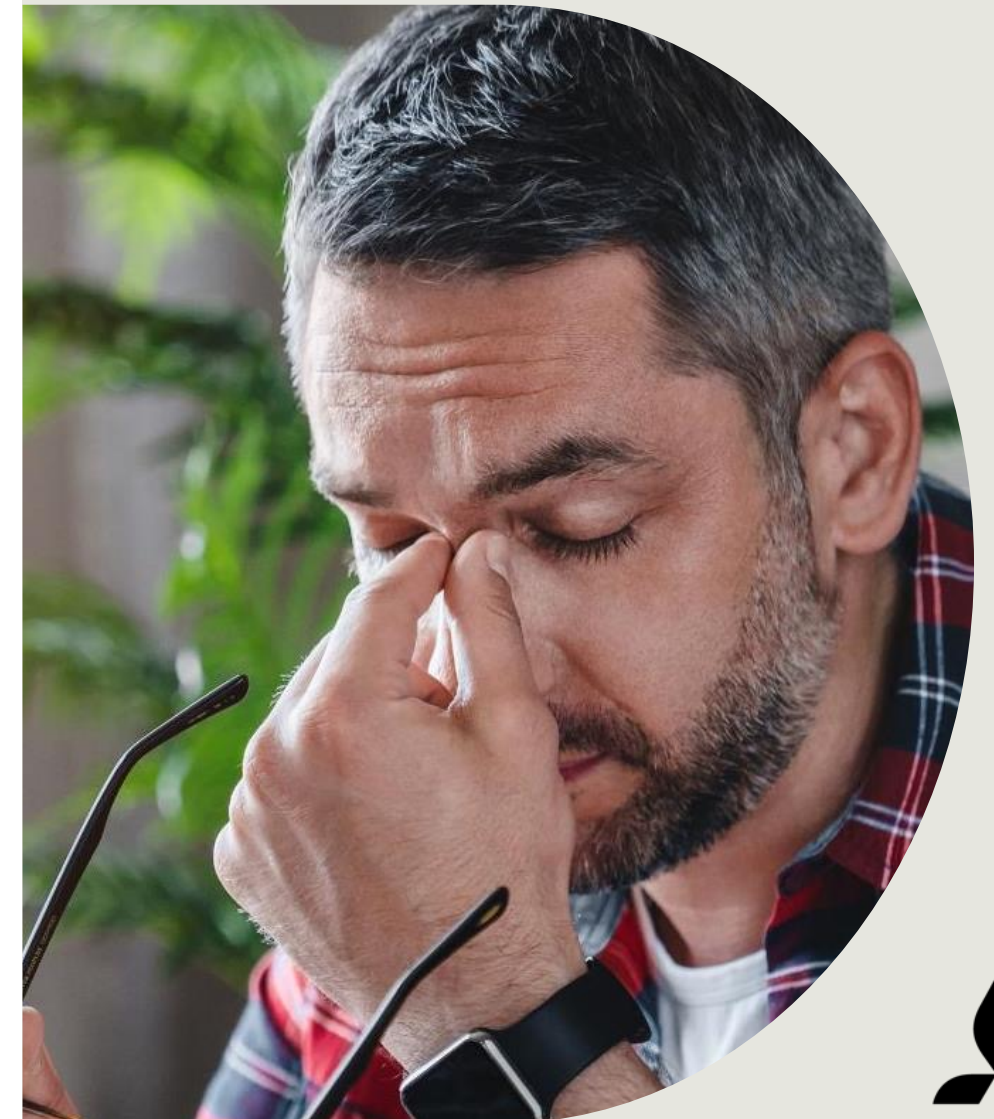
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**in whole-person care**

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# The Cost of a Poor Healthcare Experience



# The healthcare system isn't designed for experience.

## The healthcare we have

Transactional

Disempowering

Opaque

Biased

Wasteful

## The healthcare we need

Holistic

Human centered

Inclusive

Data driven and personalized

Value based





# Welcome to Personalized Healthcare

This is the future of healthcare,  
and the future is now.

Personal | Data Driven | Value Based





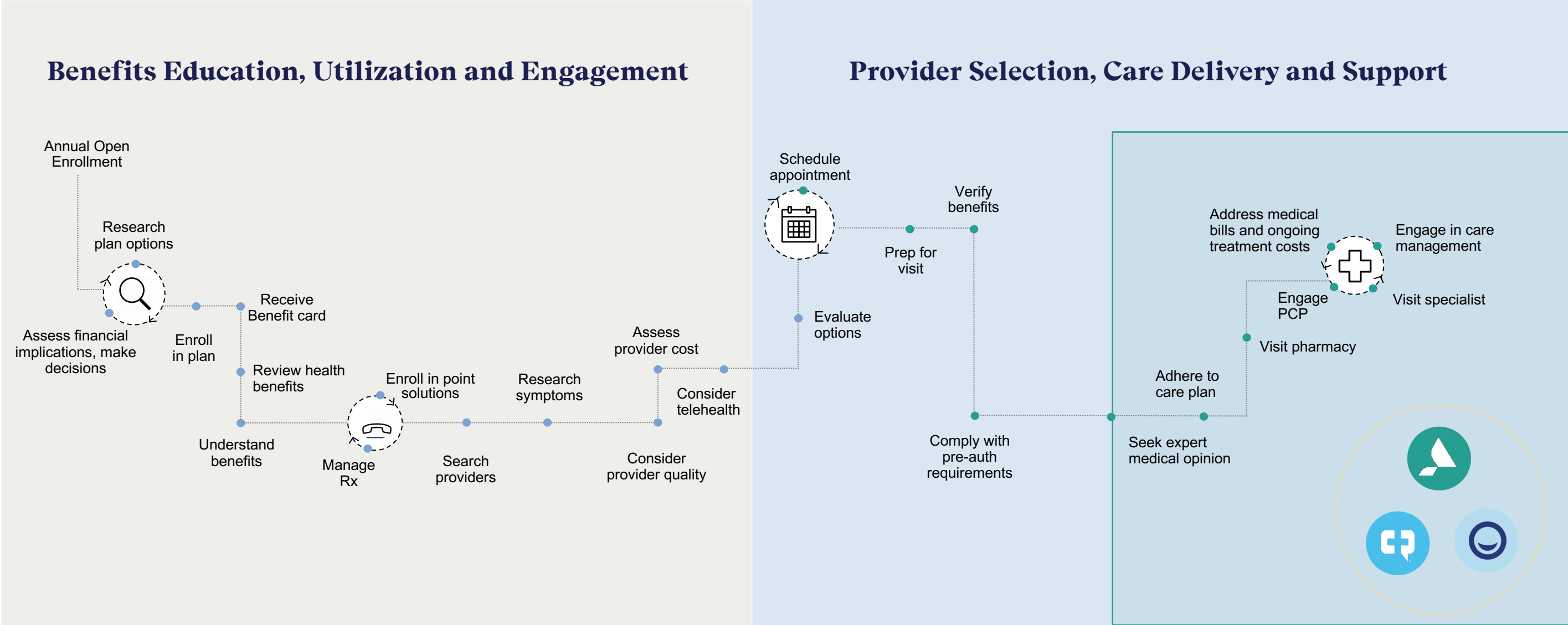
# Personalized Healthcare

Personal | Data Driven | Value Based





# Delivering Value Across the Entire Healthcare Journey



# A Truly Powerful, Personalized Healthcare Platform

Personal | Data Driven | Value Based

## Accolade Advocacy

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

## Accolade Expert MD

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Real-time expert consultations for members facing high impact conditions

## Accolade Care

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

## Accolade One

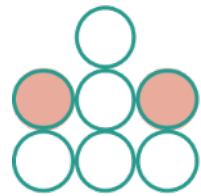
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Value-based care that deeply integrates advocacy, virtual primary care, expert medical opinion and clinical programs

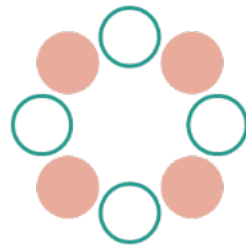


# A Truly Powerful, Personalized Healthcare Platform

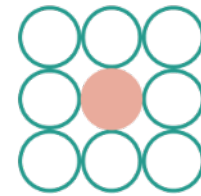
Personal | Data Driven | Value Based



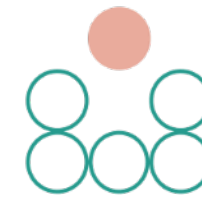
**24/7 Care Team.**  
It's a long-term  
relationship.



**Care EQ.**  
Building trust.



**True Health Engine.**  
The right data.













**True Health  
Action Plan.**  
The right next steps.



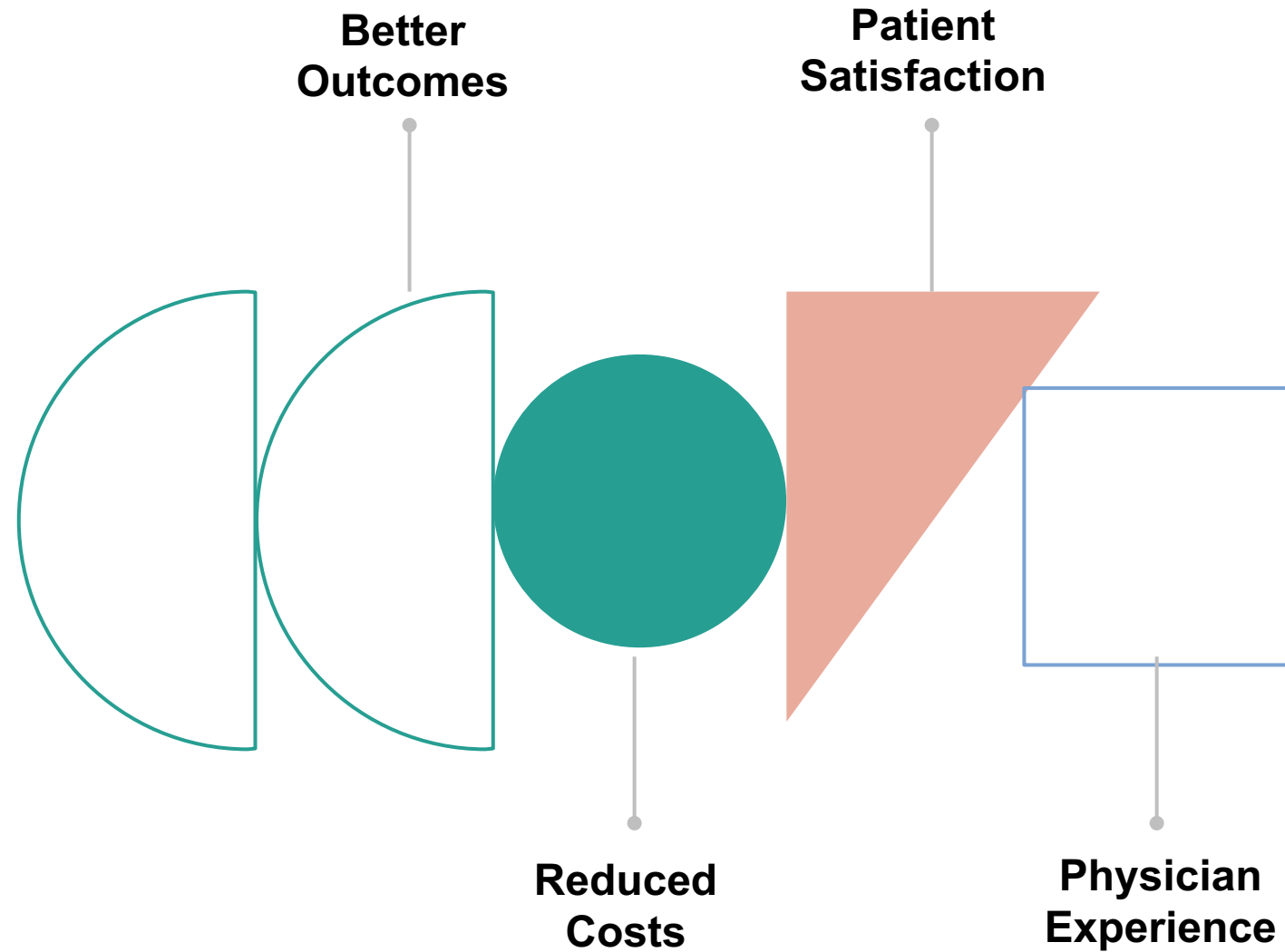
# Engaging the Ecosystem

Connecting members to the right program,  
at the right time, in the right way

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



# Quadruple Aim



At Accolade, we're improving clinical outcomes, lowering healthcare costs, improving patient satisfaction, and improving care team and clinician satisfaction.



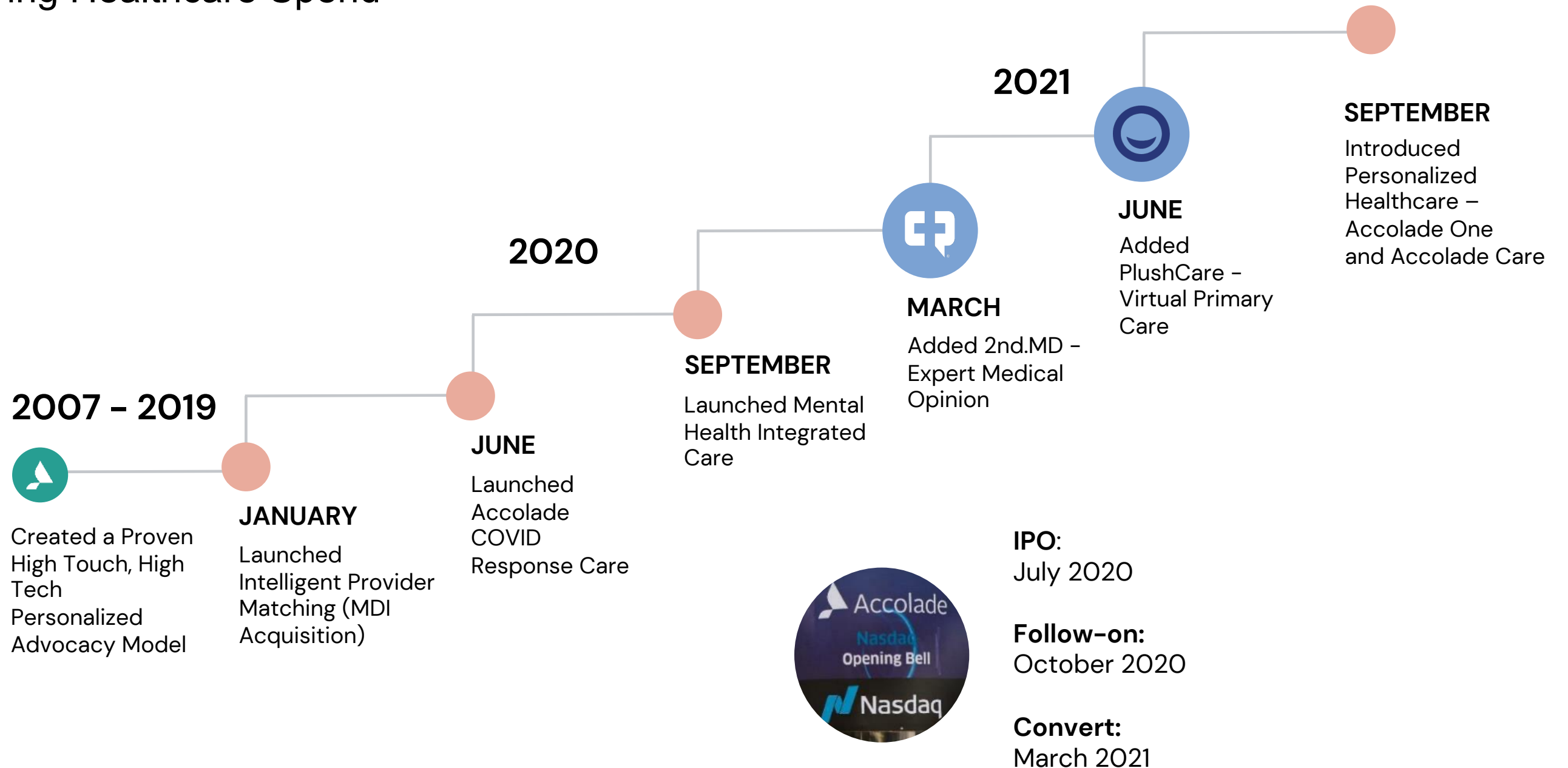


# The Future

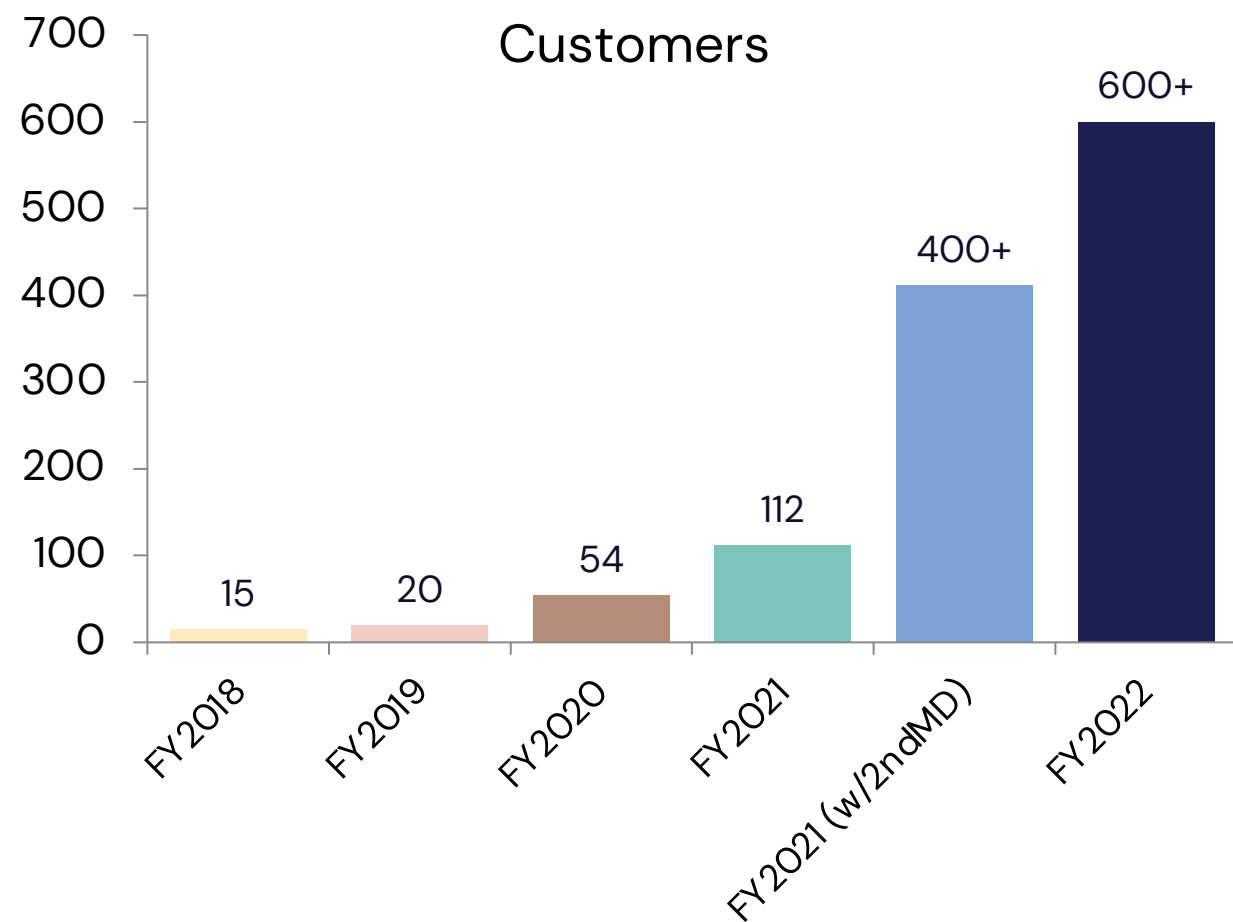


# Accelerating Accolade's Clinical Innovation

## Lowering Healthcare Spend



# Significantly Expanded Addressable Market



**\$216 billion  
TAM**

**\$170B**  
Primary Care

**\$22B**  
Expert Medical Opinion

**\$24B**  
Navigation & Advocacy





# Compelling Growth Strategy

<b>Grow customer base</b>	Further penetrate our market of 30,000+ self- and fully insured employers
<b>Retain and expand customer relationships</b>	Grow relationships especially through the sale of add-on services such as Virtual Primary Care and Expert Medical Opinion
<b>Continue to innovate</b>	Leverage machine learning, predictive analytics, and multimodal communication to generate efficiencies and better outcomes, while introducing new solutions – Accolade Care, Accolade Expert MD and Accolade One
<b>Grow into adjacent markets</b>	Our evolution into Accolade’s new category of Personalized Healthcare opens the door to new opportunities, especially with government-sponsored healthcare plans, such as TRICARE, Medicare, Medicaid
<b>Expand partnerships</b>	Establish partnerships that complement our solutions and extend capabilities and/or improve distribution
<b>Pursue strategic M&amp;A</b>	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



# Financial Highlights

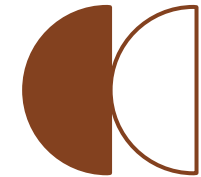
ARR Bookings & new offerings driving substantial revenue growth

30% pro forma revenue growth FY21 to FY22; Ended FY22 with \$286mm ACV; Growing DTC business



PMPM recurring revenue model provides significant revenue visibility

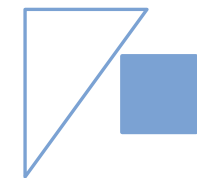
Multi-year contracts with base + performance-based PMPM fees; 95+% gross dollar retention



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

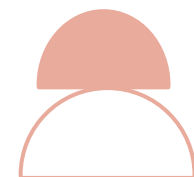
Building out enterprise and mid-market salesforce to complement strategic segment

Secure, open technology platform supports innovation including new offerings and add-ons



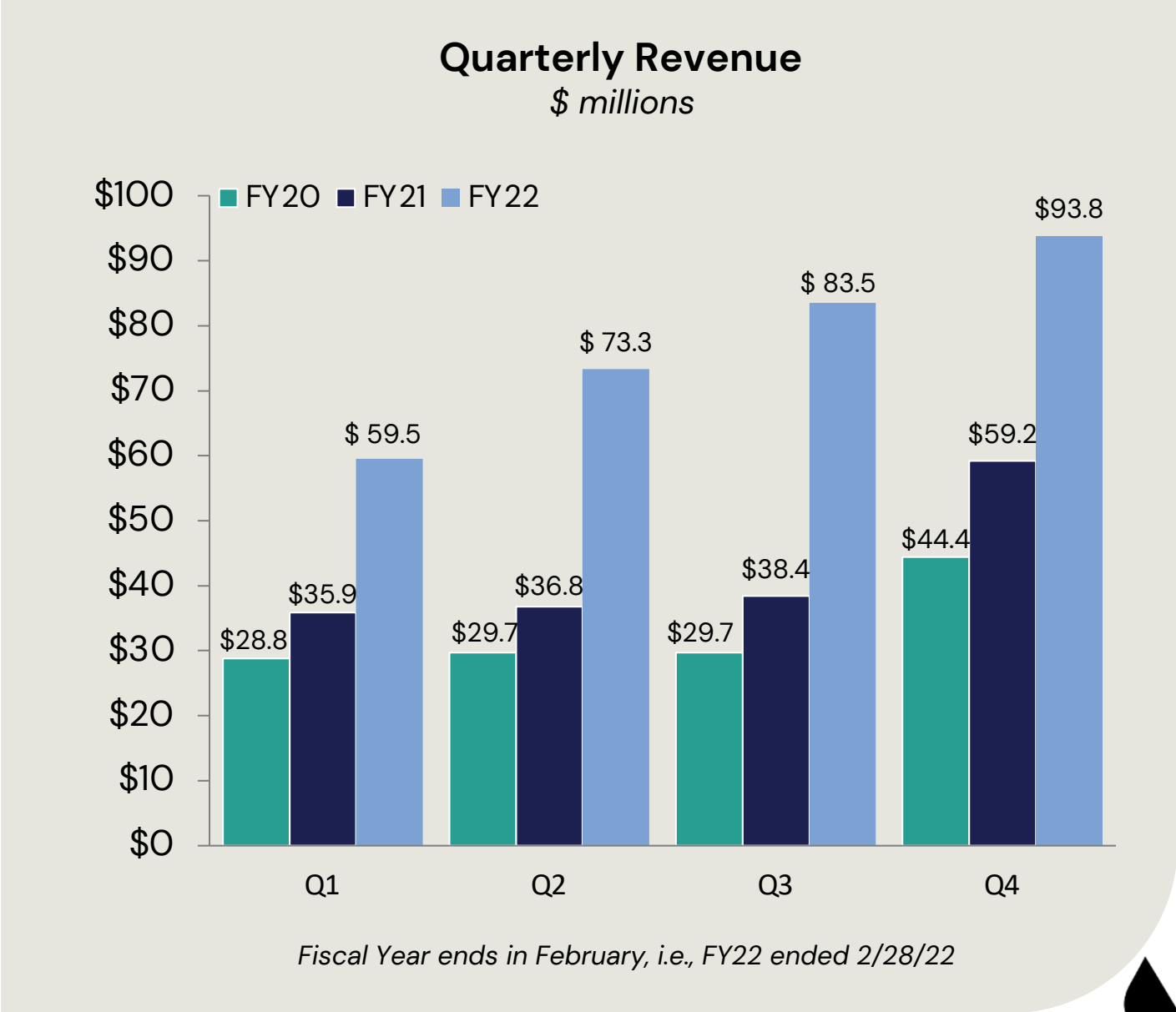
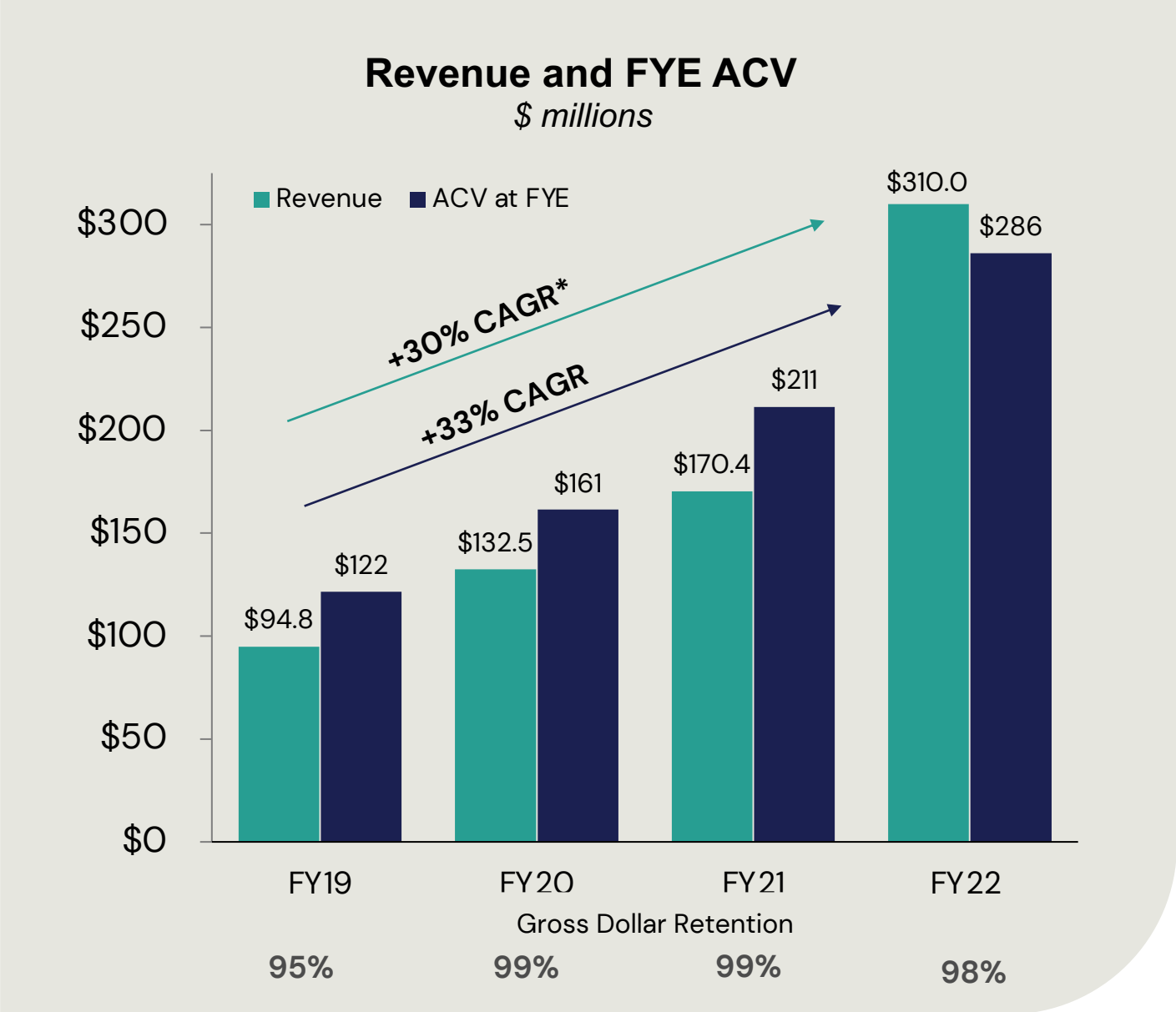
Growing Customer Diversification

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



# Strong Revenue Growth

Predictable, highly visible, and recurring revenue

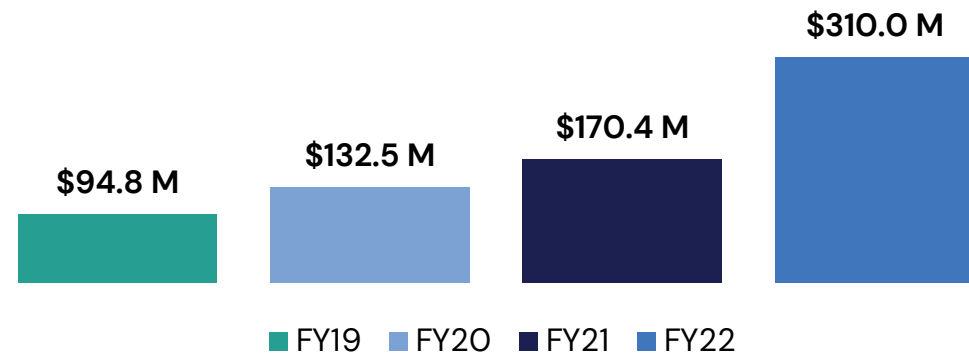


\*Revenue CAGR is pro forma to account for acquisitions in FY 2022

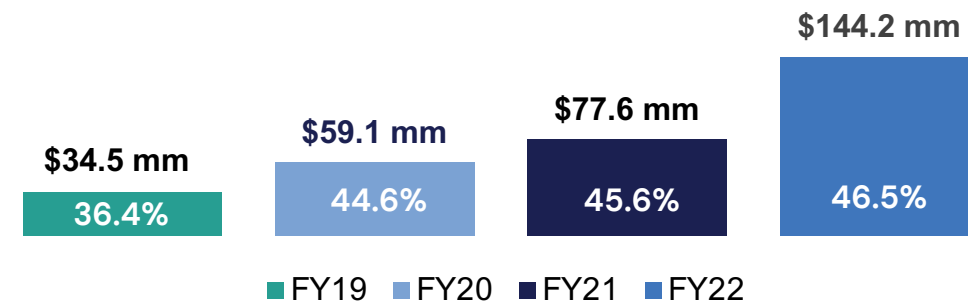


# Annual Result Trends

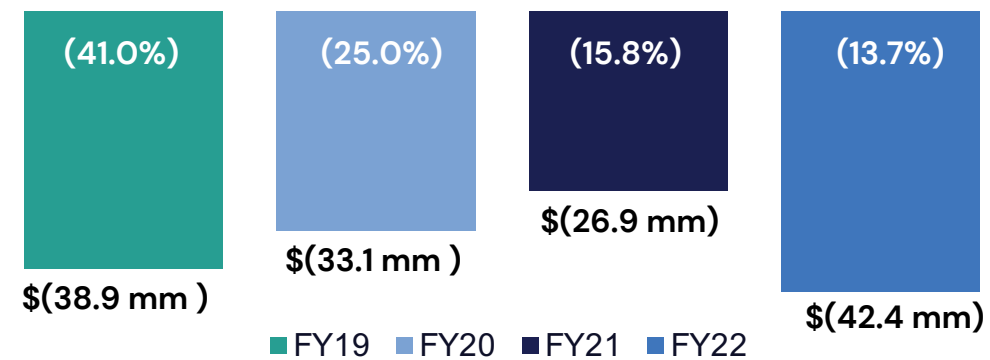
## Revenue



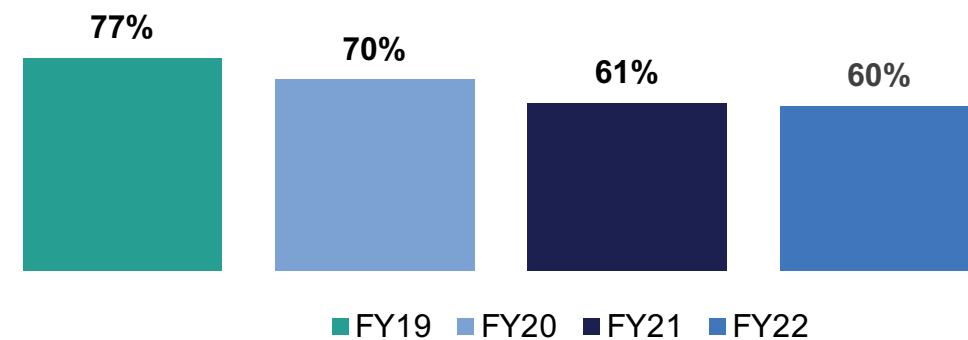
## Adjusted Gross Profit and Adjusted Gross Profit Margin



## Adjusted EBITDA (Loss)\* (as % of revenue)



## Adjusted Operating Expenses as a % of Revenue\*

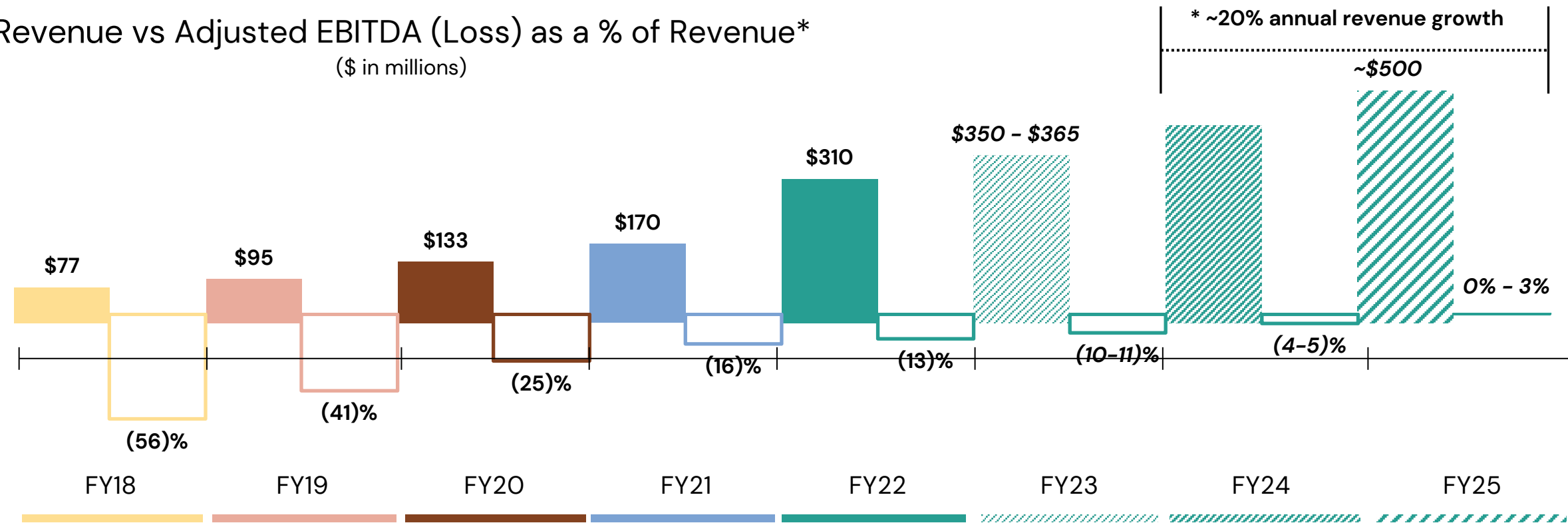


\*Adjusted EBITDA (Loss) and Adjusted Operating Expenses exclude depreciation and amortization, acquisition and integration-related costs, stock-based compensation, and change in fair value of contingent consideration.  
See Appendix for disclosures and reconciliations related to preliminary results for periods ending February 28, 2021



# Revenue and Customer Growth + Unit Economics Drive Path to Profitability

Revenue vs Adjusted EBITDA (Loss) as a % of Revenue\*  
(\$ in millions)



Annual Contract Value	\$122	\$161	\$211	\$286
Gross Dollar Retention	95%	99%	99%	98%

\*20% revenue growth excludes impact from terminated large customer in FY24

Adjusted EBITDA (Loss) exclude depreciation and amortization, acquisition and integration-related costs, stock-based compensation, and change in fair value of contingent consideration.

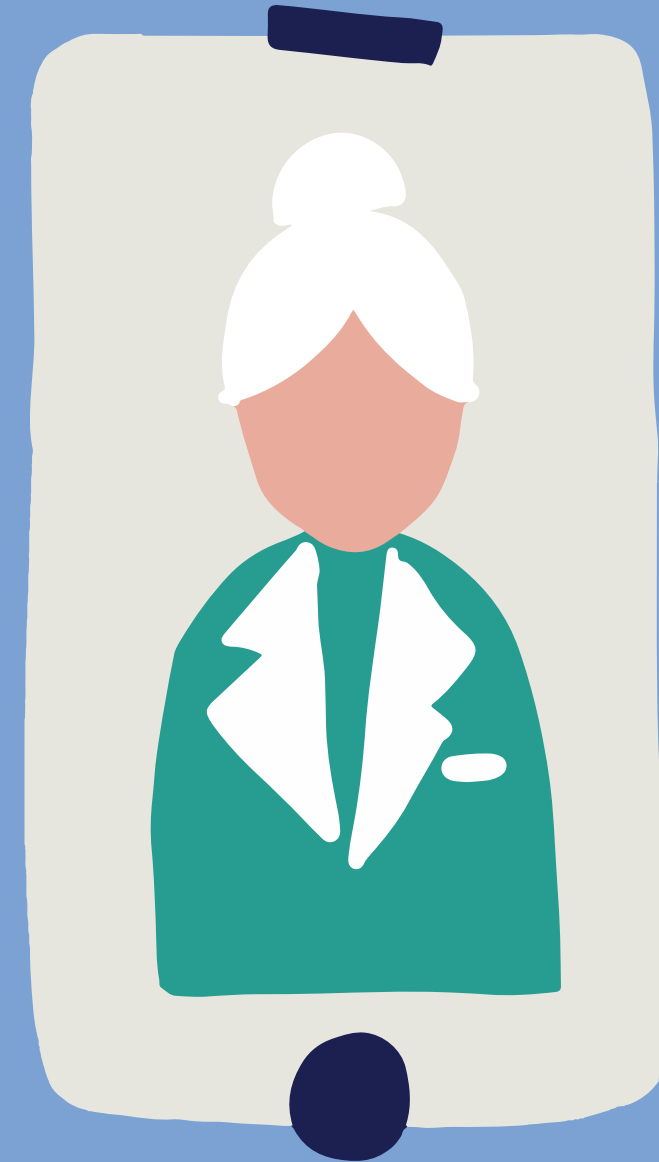
# Financial Targets and Goals (Non-GAAP)

		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





# 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 EBITDA (Loss) GAAP to Non-GAAP Reconciliation

(\$ in thousands)

Fiscal year ended February 28 (29),	2018	2019	2020	2021	2022
Net Income (Loss)	\$ (61,286)	\$ (56,496)	\$ (51,365)	\$ (50,652)	\$ (123,124)
Adjusted for:					
Interest expense, net	1,799	2,374	2,925	3,724	2,905
Income tax expense (benefit)	--	55	129	4	(5,639)
Depreciation and amortization	7,982	9,391	8,516	8,212	42,608
Stock-based compensation	8,406	5,721	6,002	9,576	72,939
Acquisition & integration-related costs	--	--	567	2,050	13,219
Change in fair value of contingent consideration	--	--	--	--	(45,416)
Other expense (income)	26	90	107	147	133
<b>Adjusted EBITDA (Loss)</b>	<b>\$ (43,073)</b>	<b>\$ (38,865)</b>	<b>\$ (33,119)</b>	<b>\$ (26,939)</b>	<b>\$ (42,375)</b>



# Adjusted Gross Margin GAAP to Non-GAAP Reconciliation

(\$ in thousands)

Fiscal year ended February 28 (29),	2019	2020	2021	2022
Revenue	\$ 94,811	\$ 132,507	\$ 170,358	\$ 310,021
Less:				
Cost of revenue, excluding depreciation and amortization	(60,568)	(73,685)	(93,673)	(169,019)
Gross Profit, excluding depreciation and amortization	34,243	58,822	76,685	141,002
Add:				
Stock-based compensation, cost of revenue	255	318	948	3,197
<b>Adjusted Gross Profit</b>	<b>\$ 34,498</b>	<b>\$ 59,140</b>	<b>\$ 77,633</b>	<b>\$ 144,199</b>
Gross Margin, excluding depreciation and amortization	36.1%	44.4%	45.0%	45.5%
<b>Adjusted Gross Margin</b>	<b>36.4%</b>	<b>44.6%</b>	<b>45.6%</b>	<b>46.5%</b>



# Adjusted Operating Expense Reconciliation

(\$ in thousands)

Fiscal year ended February 28 (29),	2019	2020	2021	2022
Revenue	\$ 94,811	\$ 132,507	\$ 170,358	\$ 310,021
Operating Expenses	88,220	107,026	123,462	266,727
Less:				
Depreciation and amortization	(9,391)	(8,516)	(8,212)	(42,608)
Stock-based compensation	(5,721)	(6,002)	(9,576)	(72,939)
Acquisition, integration-related costs and other	--	(567)	(2,050)	(13,219)
Change in fair value of contingent consideration	--	--	--	45,416
<b>Adjusted Operating Expenses</b>	<b>\$ 73,108</b>	<b>\$ 91,941</b>	<b>\$ 103,624</b>	<b>\$ 183,377</b>
<b>Adjusted Operating Expenses as a % of Revenue</b>	<b>77%</b>	<b>69%</b>	<b>61%</b>	<b>59%</b>





**Accolade**  
PERSONALIZED HEALTHCARE