



Accolade Inc. Supplemental Deck

Capital Markets Day

May 8, 2023



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 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 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, reconciliation of our revenue to Adjusted Gross Profit and net loss to Adjusted EBITDA. Accolade has not reconciled guidance for Adjusted EBITDA to net loss, the most directly comparable GAAP measure, and has 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 the company's control or cannot be reasonably predicted.



Adjusted EBITDA (Loss) Reconciliation

(\$ in thousands)

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

*Please refer to page 29 for important information regarding non-GAAP financial measures



Adjusted Gross Margin Reconciliation

(\$ in thousands)

Fiscal year ended February 28 (29),	2020	2021	2022	2023
Revenue	\$ 132,507	\$ 170,358	\$ 310,021	\$ 363,142
Less:				
Cost of revenue, excluding depreciation and amortization	(73,685)	(93,673)	(169,019)	(198,905)
Gross Profit, excluding depreciation and amortization	58,822	76,685	141,002	164,237
Add:				
Stock-based compensation, cost of revenue	318	948	3,197	4,794
Severance costs, costs of revenue				1,025
Adjusted Gross Profit	\$ 59,140	\$ 77,633	\$ 144,199	170,056
Gross Margin, excluding depreciation and amortization	44.4%	45.0%	45.5%	45.2%
Adjusted Gross Margin	44.6%	45.6%	46.5%	46.8%

*Please refer to page 29 for important information regarding non-GAAP financial measures



Adjusted Operating Expense Reconciliation

(\$ in thousands)

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

*Please refer to page 29 for important information regarding non-GAAP financial measures





Accolade
PERSONALIZED HEALTHCARE