

Benefitfocus Investor Presentation

Third Quarter 2021

Benefitfocus for *life*™

Non-GAAP Financial Measures

The company uses certain non-GAAP financial measures in this presentation, including non-GAAP gross profit, operating income/loss, net loss/income, net loss/income per common share, adjusted EBITDA and free cash flow. Generally, a non-GAAP financial measure is a numerical measure of a company's performance or financial position that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP.

Non-GAAP gross profit, operating income/loss, net loss/income and net loss/income per common share exclude stock-based compensation expenses, amortization of acquisition-related intangible assets, transaction and acquisition-related costs expensed, expense related to the impairment of goodwill, intangible assets and long-lived assets, gain or loss on extinguishment of debt, and costs not core to our business. We define adjusted EBITDA as net loss before net interest, taxes, and depreciation and amortization expense, adjusted to eliminate stock-based compensation expense, expense related to the impairment of goodwill, intangible assets and long-lived assets, transaction and acquisition-related costs expensed, restructuring charges, gain or loss on extinguishment of debt, and costs not core to our business. We define free cash flow as cash provided by or used in operating activities less capital expenditures, adjusted to eliminate restructuring charges. Please note that other companies might define their non-GAAP financial measures differently than we do.

Management presents these non-GAAP financial measures in this release because it considers them to be important supplemental measures of performance. Management uses these non-GAAP financial measures for planning purposes, including analysis of the company's performance against prior periods, the preparation of operating budgets and to determine appropriate levels of operating and capital investments. Management believes that these non-GAAP financial measures provide additional insight for analysts and investors in evaluating the company's financial and operational performance. Management also intends to provide these non-GAAP financial measures as part of the company's future earnings discussions and, therefore, their inclusion should provide consistency in the company's financial reporting.

Non-GAAP financial measures have limitations as an analytical tool. Investors are encouraged to review the reconciliation of the non-GAAP measures to their most directly comparable GAAP measures provided in this presentation, including in the accompanying tables.

Safe Harbor Statement

Except for historical information, all of the statements, expectations, and assumptions contained in this presentation are forward-looking statements. Actual results might differ materially from those explicit or implicit in the forward-looking statements. Important factors that could cause actual results to differ materially include: our continuing losses and need to achieve GAAP profitability; fluctuations in our financial results; our ability to maintain our culture and recruit, integrate and retain qualified personnel, including on our board of directors; our ability to compete effectively and implement our growth strategy; the need to innovate and provide useful products and services; risks related to changing healthcare and other applicable regulations; the immature and volatile nature of the market for our products and services; privacy; security and other risks associated with our business; management of growth; volatility and uncertainty in the global economy and financial markets in light of the evolving COVID-19 pandemic; and the other risk factors set forth from time to time in our SEC filings, copies of which are available free of charge within the Investor Relations section of the Benefitfocus website at <http://investor.benefitfocus.com/sec-filings> or upon request from our Investor Relations Department. Benefitfocus assumes no obligation and does not intend to update these forward-looking statements, except as required by law.

Our mission is to improve lives with benefits.

Benefitfocus is one of the largest benefits platforms in the U.S. enabling benefits enrollment and data exchange for Health Plans and Employers

Benefitfocus for *life*™

Investment Themes



One of the largest benefits platforms in the U.S. and massive, growing market



Delivering value to Health Plan and Employer markets



Diversified recurring revenue, improving operating leverage and disciplined capital strategy



Executing growth strategy and enhancing ESG to unlock shareholder value

Investment Themes



One of the largest benefits platforms in the U.S. and massive, growing market



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Vast Opportunity

\$3.8T

Health care spend, ~20% of GDP

\$20K

Annual premium for employer family plan, rising each year

8x

Increase in deductibles vs. wages

Zero

Consumer personalization

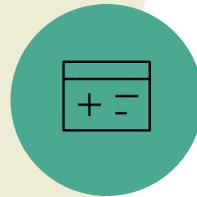
Sources: \$3.8T per cms.gov (2019), \$20K and 8x per kff.org (2019)

Attractive Value Proposition



Health Plans

Lower operational costs, higher member satisfaction and digital transformation



Employers

Lower health care costs, reduced complexity and higher employee retention



Employees and Health Plan Members

Valuable, affordable and personalized benefits

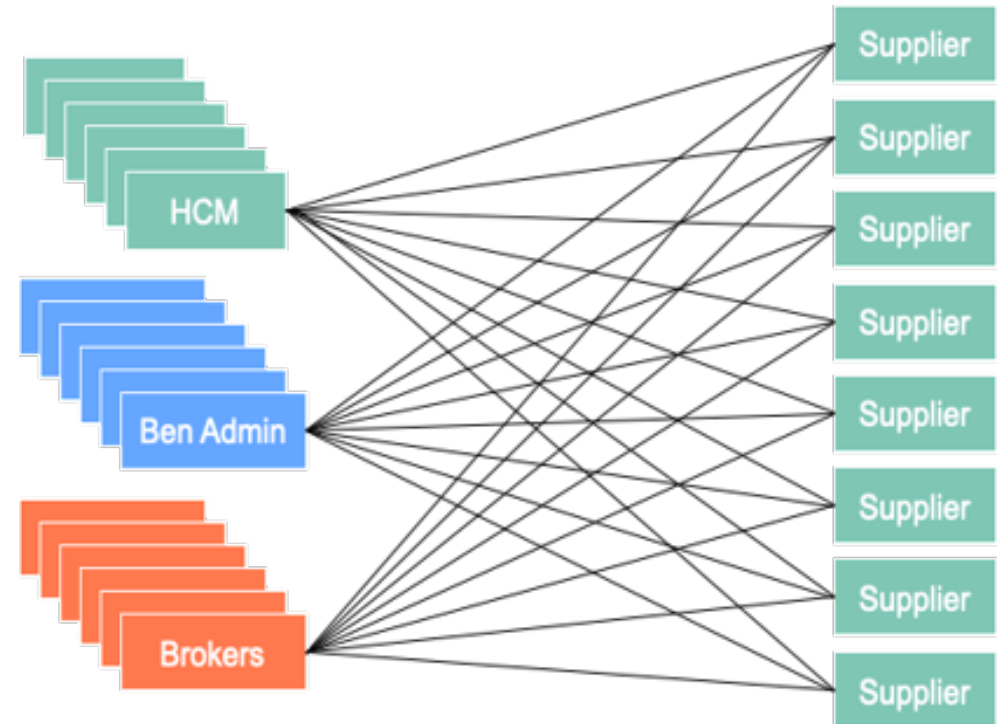
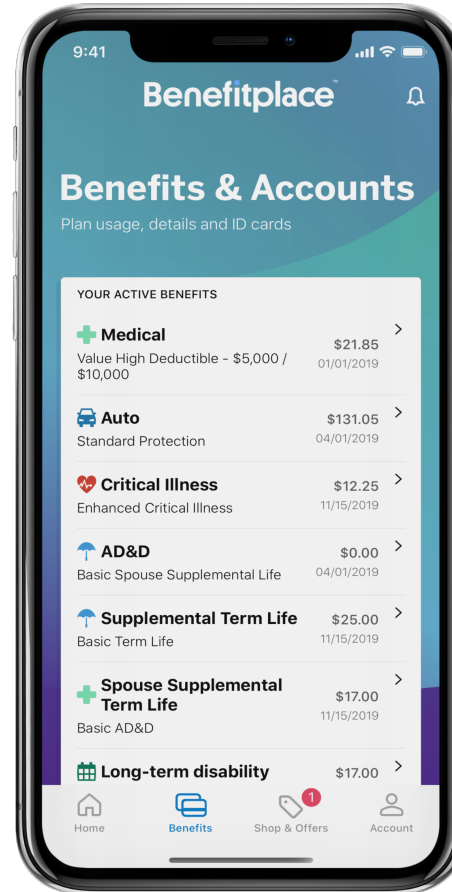
Benefits Enrollment for Health Plans and Employers

Solving complex benefits administration problems with a modern user interface

HCM

Payroll

Benefits



One of the Largest Benefits Platforms in the U.S.

*1 in 12 Americans on the
Benefitfocus Platform*

\$59B

total premium
sold

~\$1B

Benefit Catalog
premium sold

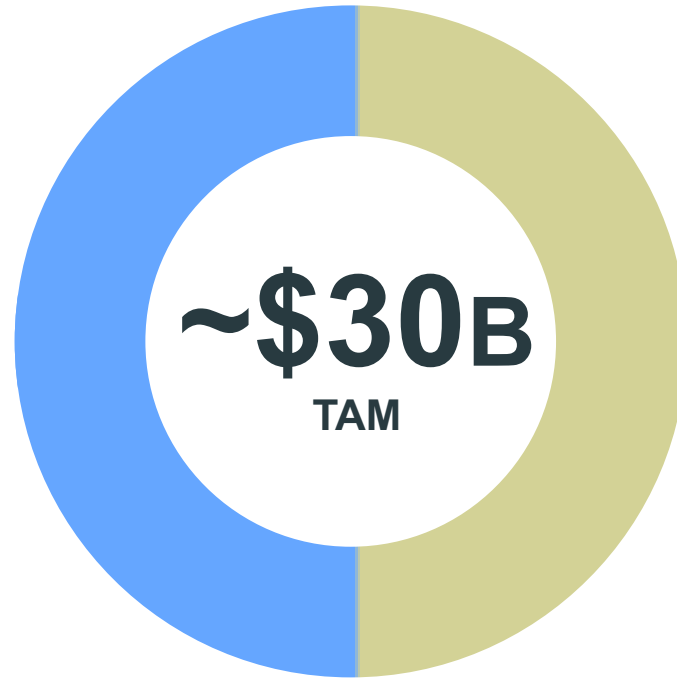
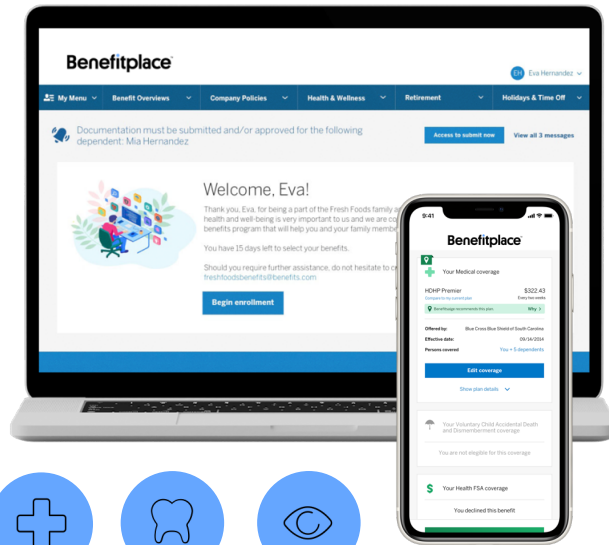
25M+

Lives

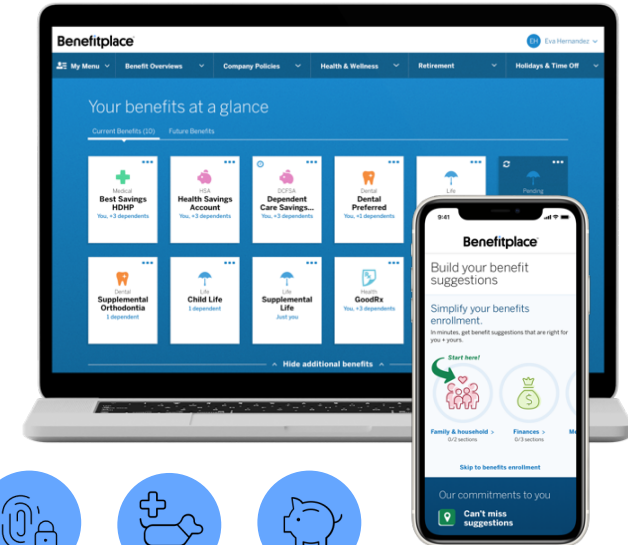
Source: Benefitfocus; numbers are approximate and estimated as of December 31, 2020

Massive TAM with Significant Opportunity

Software as a Service



Platform



Source: Benefitfocus as of December 31, 2019

Investment Themes



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Delivering value to Health Plan and Employer markets

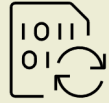


Diversified recurring revenue, improving operating leverage and disciplined capital strategy



Executing growth strategy and enhancing ESG to unlock shareholder value

Competitive Differentiation



Market leading data transfer capabilities



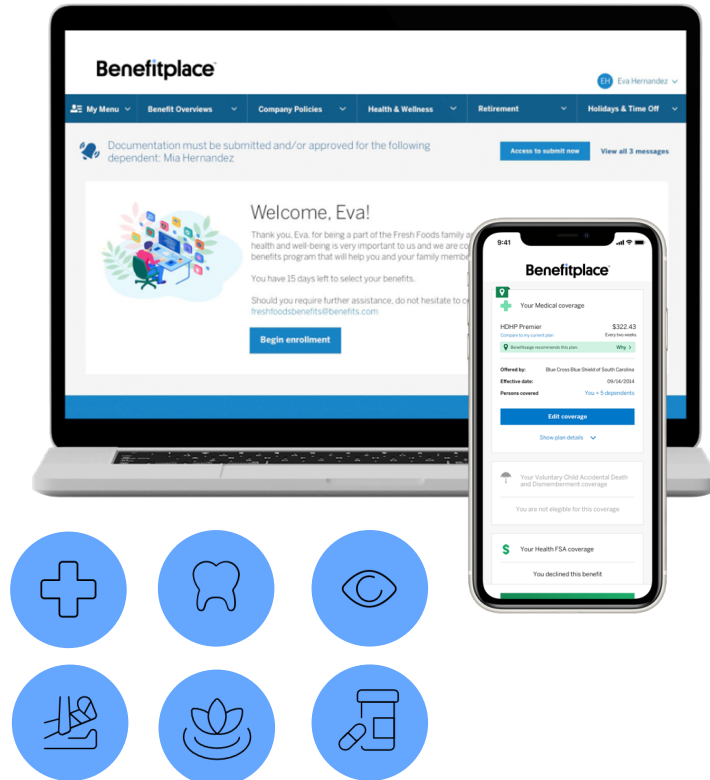
AI-powered platform



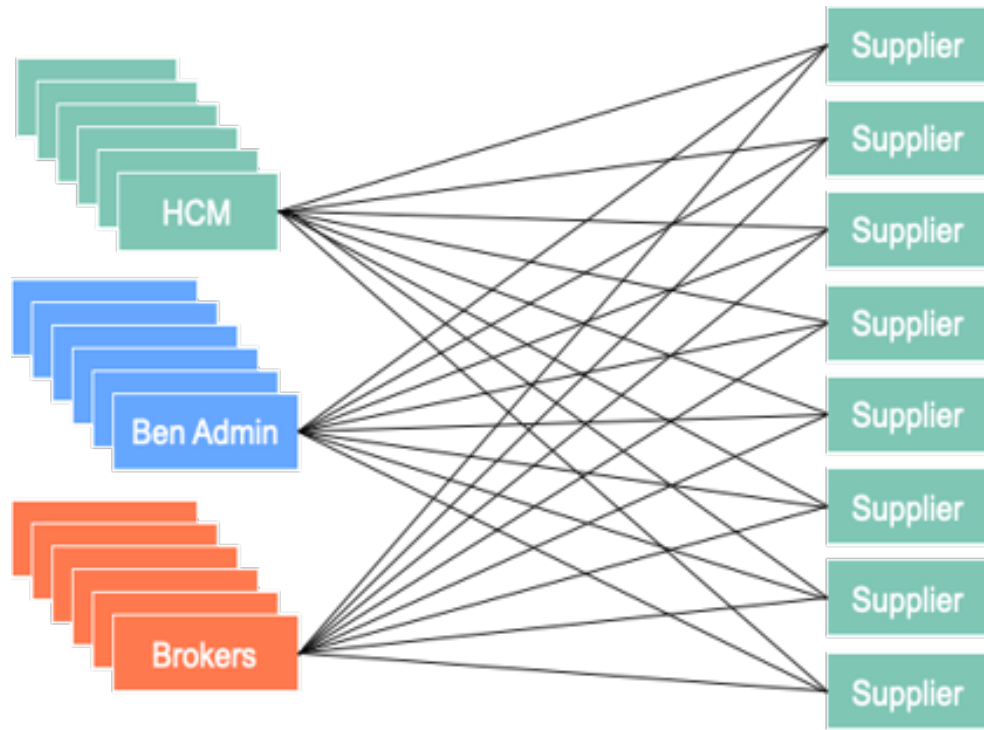
Vast and unique data assets



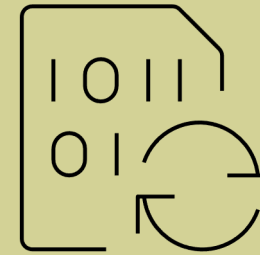
Industry leading voluntary benefit products



Market Leading Data Transfer Capabilities



**Industry Leading
First Pass Yield**



AI-powered Platform: Benefitsaige is the AI that Delivers Insights across our Ecosystem

Benefitsaige[®]



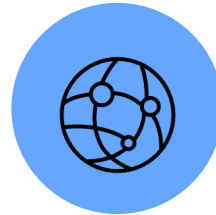
Personalized Benefits

Consumers connect to the benefits their families need.



Population Health Insights

Employers control healthcare costs and optimize benefit strategy.



Operational Scale

Health Plans gain operational scale with a connected, digital ecosystem

Vast and Unique Data Assets: Powering Outcomes and Results

Benefitfocus has accumulated a massive amount of data for over two decades that helps shape product offerings and buying decisions.

71

million health care claims

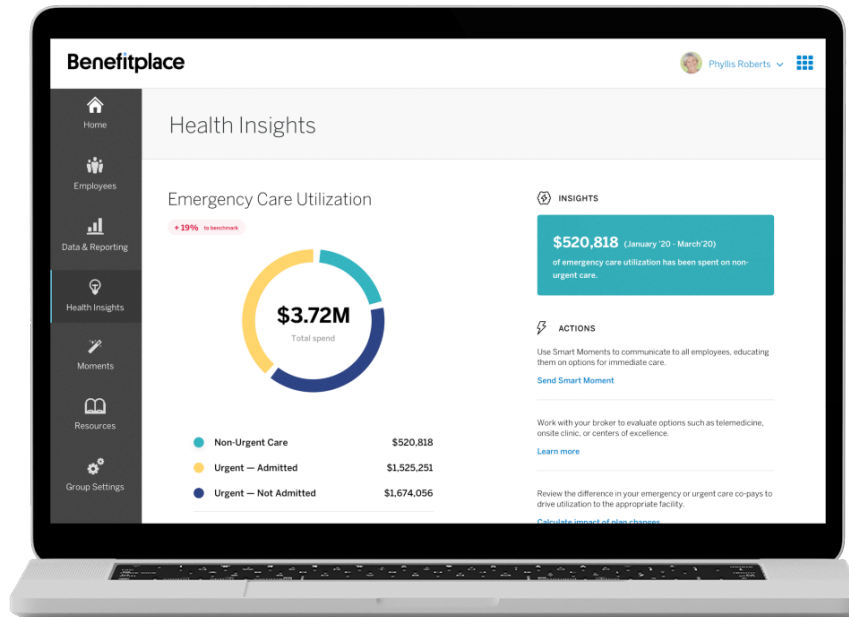
40

million pharmacy claims

\$20

billion in payroll transactions

Source: Benefitfocus; numbers are approximate and estimated as of December 31, 2019



Industry Leading Products: Comprehensive and Curated Marketplace of Suppliers

Benefit Catalog

Robust portfolio of trusted health, wealth, property and lifestyle voluntary benefits integrated into our enrollment experience.



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Diversified recurring revenue, improving operating leverage and disciplined capital strategy



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Diverse Revenue Streams

Multiple Sources of Lives



Health Plans



Employers

GO-TO-MARKET

Recurring & Repeatable Revenue



Subscription



Platform

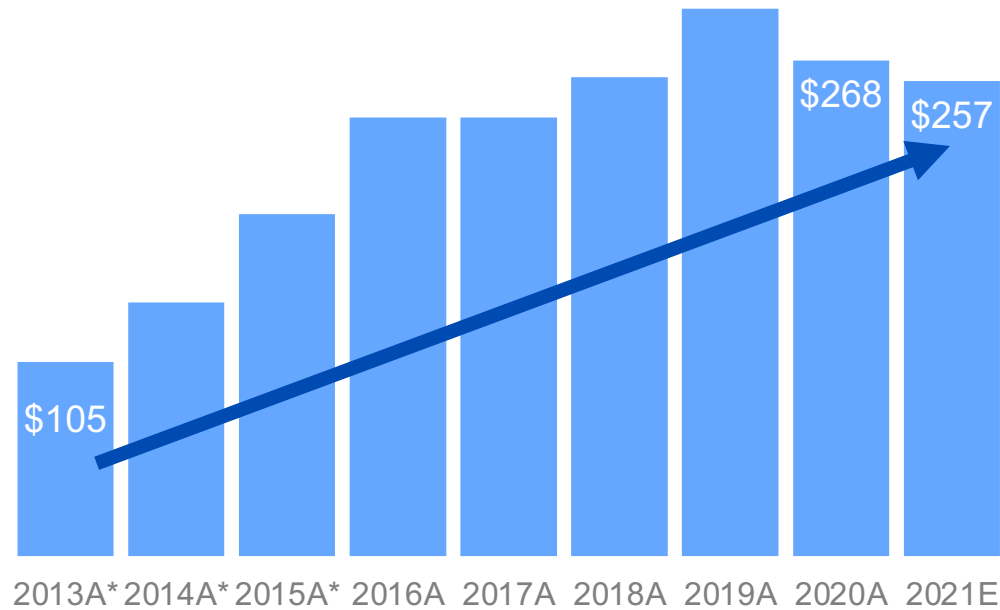


Professional Services

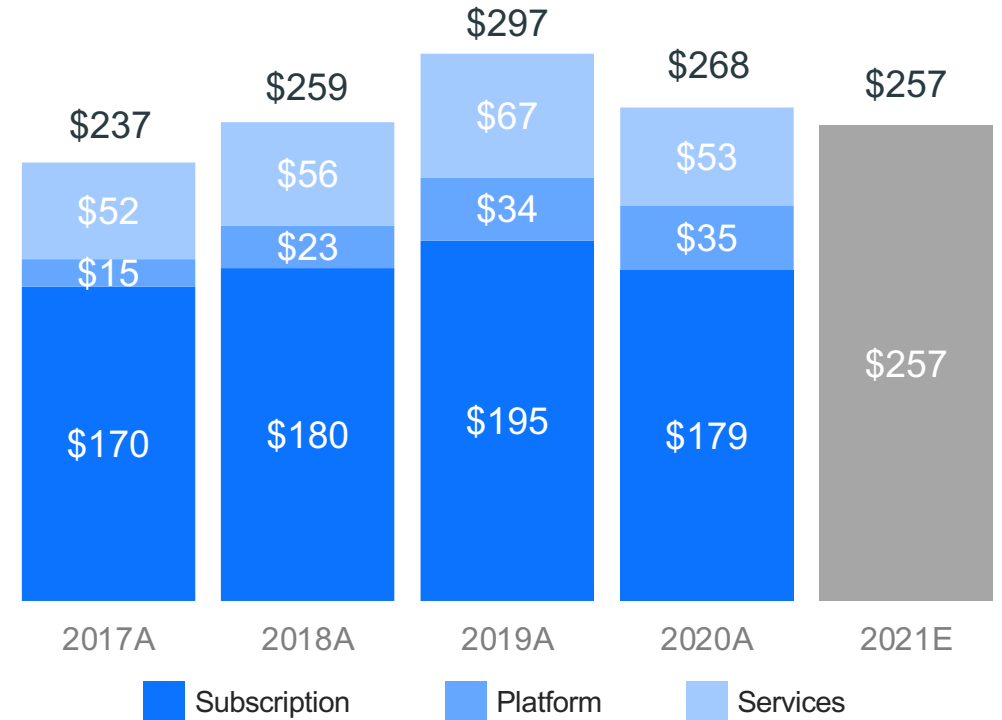
REVENUE SOURCES

Recurring and Repeatable Revenue

10% Revenue CAGR since IPO (\$M)



~80% Recurring and Repeatable Revenue (\$M)

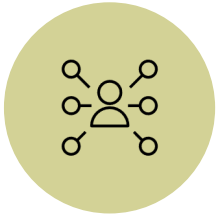


Note: *Period prior to adoption of ASC 606 have not been restated; 2021 estimate based on midpoint of full year guidance provided November 3, 2021

Driving Operating Leverage



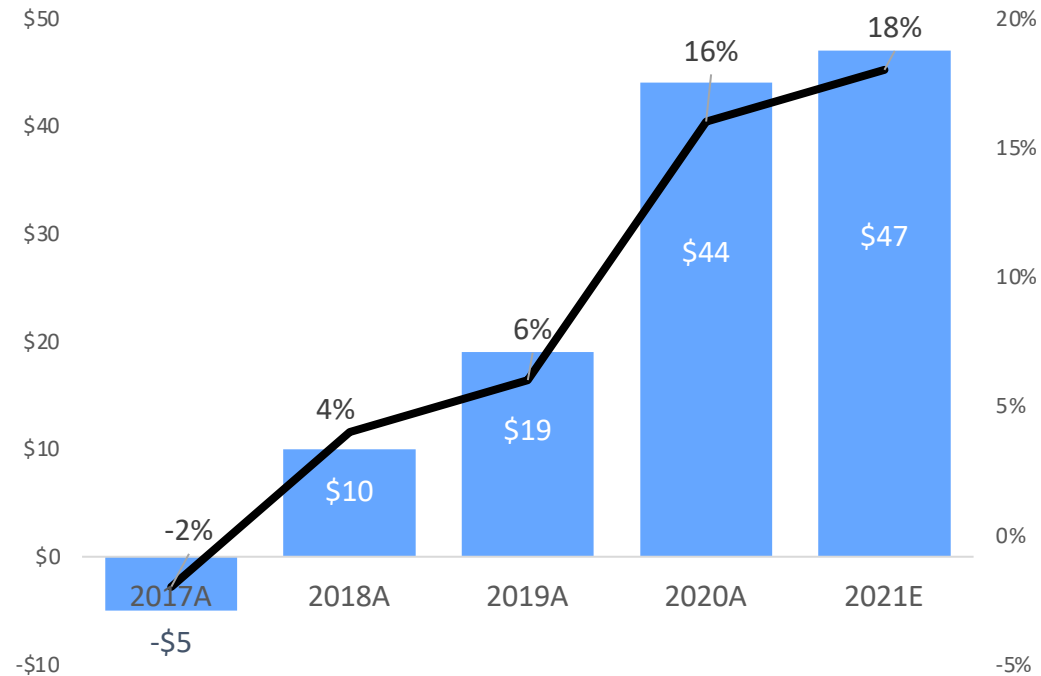
Focused on profitable revenue growth; expanding margins, increasing adjusted EBITDA and Free Cash Flow



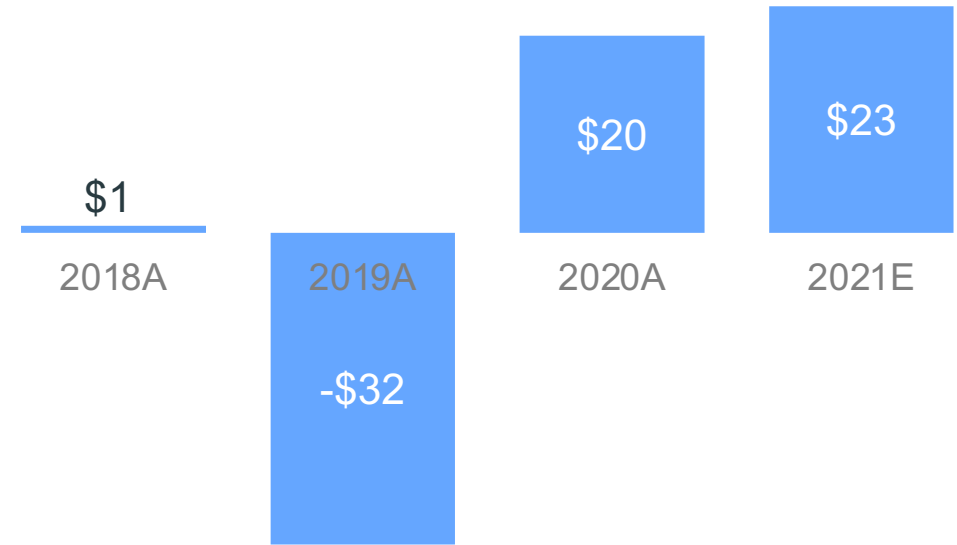
Investing in automation to drive efficiencies and deliver exceptional customer experience

Driving Operating Leverage

Adjusted EBITDA (\$M) and Adj. EBITDA Margin (%)



Free Cash Flow (\$M)



2021 estimates based on midpoint of full year guidance provided November 3, 2021; See important disclosures on non-GAAP financial measures and GAAP to non-GAAP reconciliation on slides 2 and 27.

Disciplined Capital Strategy

Strong Balance Sheet

- Cash and marketable securities balance of \$94.5M
- Convertible debt of \$121M due December 2023 and \$85M of lease obligations
- Debt to EBITDA ~4.4x
- Net debt and lease obligations to EBITDA ~2.4x

Recent Uses of Capital

- De-levered balance sheet through \$100M repurchase of 2023 convertible notes at a cost of \$98M

Potential Uses of Capital

- Invest organically and inorganically to extend market leadership
- Opportunistically repurchase debt and equity

Note: Cash and marketable securities balance and total debt as of 09/30/21; numbers are approximate. EBITDA based on 2021 midpoint guidance provided on 11/03/21; see important disclosures on non-GAAP financial measures and GAAP to non-GAAP reconciliation on slides 2 and 27.

Investment Themes



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Delivering value to Health Plan and Employer markets

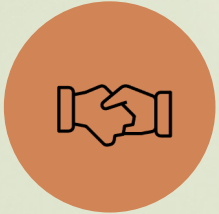


Diversified recurring revenue, improving operating leverage and disciplined capital strategy



Executing growth strategy and enhancing ESG to unlock shareholder value

Strategic Priorities to Unlock Shareholder Value



Deliver Service Excellence

- *Industry leading customer NPS, retention and references*



Expand Profitability

- *Best in class margins*



Invest for Growth

- *Expand share of wallet through adjacencies*



Enhancing ESG Policies and Practices

- Published first sustainability report which highlights, among other things, strength of data privacy, cybersecurity and human capital policies and practices
- Recent governance enhancements include:
 1. Named independent Chairman and four new independent directors, two of whom are women
 2. Declassified Board following shareholder approval at 2021 Annual Shareholder Meeting
 3. Implemented majority voting standard for director elections
- Benefitfocus remains committed to building a world class company with best-in-class governance practices and policies

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GAAP to non-GAAP Reconciliation

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Unaudited Reconciliation of GAAP to non-GAAP (\$ in thousands)

	Year Ended December 31,			
	2020	2019	2018	2017
Reconciliation from Net Loss to Adjusted EBITDA:				
Net loss	\$(24,297)	\$(45,515)	\$ (52,627)	\$ (50,294)
Depreciation	15,285	15,288	11,721	12,391
Amortization of software development costs	7,455	5,130	3,944	3,257
Amortization of acquired intangible assets	2,274	1,933	150	258
Interest income	(632)	(2,613)	(250)	(182)
Interest expense	23,071	23,524	5,685	4,931
Income tax expense	22	27	28	15
Interest expense on building lease financing obligations (prior to adoption of ASC 842)	—	—	7,471	7,450
Stock-based compensation expense	14,537	19,572	28,868	16,137
Transaction and acquisition-related costs expensed	450	1,035	507	—
Restructuring costs	5,616	—	—	—
Impairment of long-lived assets	916	—	—	—
Gain on repurchase of convertible senior notes	(1,138)	—	—	—
Costs not core to our business	457	649	4,843	1,058
Total net adjustments	68,313	64,545	62,967	45,315
Adjusted EBITDA	\$44,016	\$ 19,030	\$ 10,340	\$ (4,979)
Reconciliation of Free Cash Flow:				
Net Cash (used in) provided by operating activities	\$27,651	\$ (18,375)	\$ 8,981	\$ (5,937)
Less: Purchase of property and equipment	(13,085)	(13,248)	(8,290)	(8,279)
Add back: Restructuring Costs	5,342	—	—	—
Free Cash Flow	\$19,908	\$ (31,623)	\$ 691	\$ (14,216)

Note: Management has not reconciled forward-looking adjusted EBITDA or free cash flow to their most directly comparable GAAP measure of GAAP net loss or GAAP operating cash flows. This is because management cannot predict with reasonable certainty the ultimate outcome of the various necessary GAAP components of such reconciliations, including, for example, those related to compensation, acquisition transactions and integration, or others that may arise during the year, without unreasonable effort. These components and other factors could materially impact the amount of the future directly comparable GAAP measures, which may differ significantly from their non-GAAP counterparts.

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