UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 31, 2018
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

HEALTHEQUITY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**7389**	**52-2383166**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

15 West Scenic Pointe Drive
Suite 100
Draper, Utah 84020
(Address of principal executive offices) (Zip code)

(801) 727-1000
(Registrant's telephone Number, including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted to its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth Company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of August 31, 2018, there were 62,261,227 shares of the registrant's common stock outstanding.

HealthEquity, Inc. and subsidiaries
Form 10-Q quarterly report

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Part I. Financial information
Item 1. Financial statements

HealthEquity, Inc. and subsidiaries
Condensed consolidated balance sheets (unaudited)

(in thousands, except par value)	July 31, 2018	January 31, 2018
Assets		
Current assets		
Cash and cash equivalents	$ 261,808	$ 199,472
Marketable securities, at fair value	41,109	40,797
Total cash, cash equivalents and marketable securities	302,917	240,269
Accounts receivable, net of allowance for doubtful accounts as of July 31, 2018 and January 31, 2018 of $288 and $208, respectively	24,906	21,602
Inventories	163	215
Other current assets	11,727	3,310
Total current assets	339,713	265,396
Property and equipment, net	8,869	7,836
Intangible assets, net	82,277	83,635
Goodwill	4,651	4,651
Deferred tax asset	1,038	5,461
Other assets	18,054	2,180
Total assets	$ 454,602	$ 369,159
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 1,769	$ 2,420
Accrued compensation	9,723	12,549
Accrued liabilities	5,577	5,521
Total current liabilities	17,069	20,490
Long-term liabilities		
Other long-term liabilities	2,693	2,395
Deferred tax liability	2,221	—
Total long-term liabilities	4,914	2,395
Total liabilities	21,983	22,885
Commitments and contingencies (see note 6)		
Stockholders' equity		
Preferred stock, $0.0001 par value, 100,000 shares authorized, no shares issued and outstanding as of July 31, 2018 and January 31, 2018, respectively	—	—
Common stock, $0.0001 par value, 900,000 shares authorized, 62,251 and 60,825 shares issued and outstanding as of July 31, 2018 and January 31, 2018, respectively	6	6
Additional paid-in capital	289,568	261,237
Accumulated other comprehensive loss	—	(269)
Accumulated earnings	143,045	85,300
Total stockholders' equity	432,619	346,274
Total liabilities and stockholders' equity	$ 454,602	$ 369,159

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

HealthEquity, Inc. and subsidiaries
Condensed consolidated statements of operations and comprehensive income (unaudited)

(in thousands, except per share data)	Three months ended July 31, 2018	Three months ended July 31, 2017	Six months ended July 31, 2018	Six months ended July 31, 2017
Revenue:				
Service revenue	$ 24,935	$ 22,809	$ 49,756	$ 45,296
Custodial revenue	30,715	21,285	59,149	40,604
Interchange revenue	15,417	12,785	32,066	26,400
Total revenue	71,067	56,879	140,971	112,300
Cost of revenue:				
Service costs	17,199	14,998	35,246	30,573
Custodial costs	3,502	2,785	6,941	5,586
Interchange costs	3,791	3,294	7,853	6,598
Total cost of revenue	24,492	21,077	50,040	42,757
Gross profit	46,575	35,802	90,931	69,543
Operating expenses:				
Sales and marketing	7,243	5,194	14,103	9,815
Technology and development	8,398	6,797	16,377	13,039
General and administrative	7,893	6,234	15,400	12,102
Amortization of acquired intangible assets	1,478	1,082	2,948	2,165
Total operating expenses	25,012	19,307	48,828	37,121
Income from operations	21,563	16,495	42,103	32,422
Other expense:				
Other expense, net	(75)	(38)	(76)	(128)
Total other expense	(75)	(38)	(76)	(128)
Income before income taxes	21,488	16,457	42,027	32,294
Income tax provision (benefit)	(1,029)	(489)	(3,067)	1,319
Net income	$ 22,517	$ 16,946	$ 45,094	$ 30,975
Net income per share:				
Basic	$ 0.36	$ 0.28	$ 0.73	$ 0.52
Diluted	$ 0.36	$ 0.27	$ 0.72	$ 0.50
Weighted-average number of shares used in computing net income per share:				
Basic	61,880	60,173	61,531	59,955
Diluted	63,397	61,765	63,060	61,604
Comprehensive income:				
Net income	$ 22,517	$ 16,946	$ 45,094	$ 30,975
Other comprehensive loss:				
Unrealized loss on available-for-sale marketable securities, net of tax	—	(4)	—	(30)
Comprehensive income	$ 22,517	$ 16,942	$ 45,094	$ 30,945

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

HealthEquity, Inc. and subsidiaries
Condensed consolidated statements of cash flows (unaudited)

(in thousands)	Six months ended July 31, 2018	2017
Cash flows from operating activities:		
Net income	$ 45,094	$ 30,975
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,916	7,136
Unrealized losses on marketable securities and other	86	27
Deferred taxes	2,351	4,699
Stock-based compensation	9,727	6,803
Changes in operating assets and liabilities:		
Accounts receivable	(3,304)	(3,873)
Inventories	52	253
Other assets	(6,973)	(4,073)
Accounts payable	(837)	(1,495)
Accrued compensation	(2,826)	(2,202)
Accrued liabilities	56	900
Other long-term liabilities	298	611
Net cash provided by operating activities	52,640	39,761
Cash flows from investing activities:		
Purchases of intangible member assets	(1,014)	(6,515)
Acquisition of a business	—	(3,000)
Purchases of marketable securities	(368)	(224)
Purchases of property and equipment	(2,690)	(2,161)
Purchases of software and capitalized software development costs	(4,701)	(5,166)
Net cash used in investing activities	(8,773)	(17,066)
Cash flows from financing activities:		
Proceeds from exercise of common stock options	18,469	7,072
Net cash provided by financing activities	18,469	7,072
Increase in cash and cash equivalents	62,336	29,767
Beginning cash and cash equivalents	199,472	139,954
Ending cash and cash equivalents	$ 261,808	$ 169,721
Supplemental disclosures of non-cash investing and financing activities:		
Purchases of property and equipment included in accounts payable or accrued liabilities at period end	$ 14	$ 53
Purchases of software and capitalized software development costs included in accounts payable or accrued liabilities at period end	175	69
Purchases of intangible member assets accrued during the period	181	270
Exercise of common stock options receivable	135	1,017

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

HealthEquity, Inc. and subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Note 1. Summary of business and significant accounting policies

HealthEquity, Inc. was incorporated in the state of Delaware on September 18, 2002. The Company offers a full range of innovative solutions for managing health care accounts (Health Savings Accounts, Health Reimbursement Arrangements, and Flexible Spending Accounts) for health plans, insurance companies, and third-party administrators.

Principles of consolidation

The condensed consolidated financial statements include the accounts of HealthEquity, Inc. and its wholly owned subsidiaries, HealthEquity Trust Company, HEQ Insurance Services, Inc., HealthEquity Advisors, LLC and HealthEquity Retirement Services, LLC (collectively referred to as the "Company").

The Company has a 22% ownership interest in a limited partnership for investment in and the management of early stage companies in the healthcare industry; this partnership interest is accounted for using the equity method of accounting. The investment was approximately $0.1 million as of July 31, 2018 and is included in other assets on the accompanying condensed consolidated balance sheet.

The Company has a 2% ownership interest in a limited partnership that engages in the development of technology-based financial healthcare products. The Company elected the measurement alternative for non-marketable investments previously accounted for under the cost method of accounting to account for the investment. The investment was $0.5 million as of July 31, 2018 and is included in other assets on the accompanying condensed consolidated balance sheet.

Acquisitions of businesses are accounted for as business combinations, and accordingly, the results of operations of acquired businesses are included in the consolidated financial statements from the date of acquisition. All significant intercompany balances and transactions have been eliminated.

Basis of presentation

The accompanying condensed consolidated financial statements as of July 31, 2018 and for the three and six months ended July 31, 2018 and 2017 are unaudited and have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and the applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. In the opinion of management, the interim data includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended January 31, 2018. The fiscal year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP.

Recent adopted accounting pronouncements

Adoption of ASC 606

In May 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers ("ASC 606")*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This ASU and related subsequent amendments replaces most existing revenue recognition guidance in GAAP. The standard permits the use of either the retrospective or cumulative effect transition method (modified retrospective method).

The Company adopted ASC 606 on February 1, 2018 using the modified retrospective method for all contracts not completed as of the date of adoption. The Company recorded the cumulative effect of initially applying ASC 606 as an adjustment to the opening balance of retained earnings. The comparative period information has not been restated and continues to be reported under the accounting standards in effect for that period. The adoption of the preceding standard did not have a material impact on the Company's revenue for the three and six months ended July 31, 2018.

HealthEquity, Inc. and subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Note 1. Summary of business and significant accounting policies (continued)

Effective February 1, 2018, the Company capitalizes incremental contract acquisition costs, such as sales commissions, previously included in sales and marketing expenses in the condensed consolidated statement of operations, and amortizes these costs over the average economic life of an HSA Member. The Company's prior practice was to fully expense sales commissions when the HSA Member was added to the Company's platform.

The cumulative effect of the changes made to the Company's condensed consolidated balance sheet as of February 1, 2018 for the adoption of ASC 606 is as follows:

(in thousands)	January 31, 2018	Adjustments	February 1, 2018
Other current assets	$ 3,310	$ 1,366	$ 4,676
Deferred tax asset	5,461	(4,187)	1,274
Other assets	2,180	15,847	18,027
Deferred tax liability	—	18	18
Accumulated earnings	$ 85,300	$ 13,008	$ 98,308

The impact of adoption on the Company's condensed consolidated statement of operations for the three and six months ended July 31, 2018 is as follows:

	Three months ended July 31, 2018			Six months ended July 31, 2018		
(in thousands)	As reported	Without adoption of ASC 606	Effect of change higher (lower)	As reported	Without adoption of ASC 606	Effect of change higher (lower)
Sales and marketing	$ 7,243	$ 7,318	$ (75)	$ 14,103	$ 14,488	$ (385)
Income from operations	21,563	21,488	75	42,103	41,718	385
Income tax benefit	(1,029)	(1,069)	(40)	(3,067)	(3,204)	(137)
Net income	$ 22,517	$ 22,482	$ 35	$ 45,094	$ 44,846	$ 248

The impact of adoption on the Company's condensed consolidated balance sheet as of July 31, 2018 is as follows:

(in thousands)	As reported	Without adoption of ASC 606	Effect of change higher (lower)
Other current assets	$ 11,727	$ 10,329	$ 1,398
Deferred tax asset	1,038	3,117	(2,079)
Other assets	18,054	1,895	16,159
Deferred tax liability	2,221	—	2,221
Accumulated earnings	$ 143,045	$ 129,559	$ 13,486

Disaggregation of revenue. The Company's primary sources of revenue are service, custodial, and interchange revenue and are disclosed in the condensed consolidated statements of operations. All of the Company's sources of revenue are deemed to be revenue contracts with customers. Each revenue source is affected differently by economic factors as it relates to the nature, amount, timing and uncertainty.

Costs to obtain or fulfill a contract. ASC 606 requires capitalizing the costs of obtaining a contract when those costs are incremental and expected to be recovered. Since incremental commissions paid to sales team members as a result of obtaining contracts are recoverable, the Company recorded a $17.2 million cumulative catch-up capitalized asset on February 1, 2018. As of July 31, 2018, the net amount capitalized as contract costs was $17.6 million, which is included in other current assets and other assets.

In order to determine the amortization period for sales commissions contract costs, the Company applied the portfolio approach. Accordingly, the amortization period of the assets has been determined to be the average economic life of an HSA Member and 401(k) customer relationship, which is estimated to be 15 years and 10 years, respectively. Amortization of capitalized sales commission contract costs is included in sales and marketing expenses in the condensed consolidated statement of operations.

HealthEquity, Inc. and subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Note 1. Summary of business and significant accounting policies (continued)

Performance obligations. ASC 606 requires disclosure of the aggregate amount of the transaction price allocated to unsatisfied performance obligations; however, as permitted by ASC 606, the Company has elected to exclude from this disclosure any contracts with an original duration of one year or less and any variable consideration that meets specified criteria. Amounts excluded are not significant to the Company's condensed consolidated statements of operations.

Service revenue. The Company hosts its platform, prepares statements, provides a mechanism for spending funds, and provides customer support services. All of these services are consumed as they are received. The Company will continue to recognize service revenue on a monthly basis as it transfers control and satisfies its performance obligations.

Custodial revenue. The Company deposits custodial cash and investment assets at federally-insured custodial depository partners and with an investment partner. The deposit of funds represents a service that is simultaneously received and consumed by the custodial depository bank partners and investment partner. The Company will continue to recognize custodial revenue each month based on the amount received by its custodial bank partners and investment partners.

Interchange revenue. The Company satisfies its interchange performance obligation each time payments are made with our cards via payment networks. The Company will continue to recognize interchange revenue in the month the payment transaction occurs.

Contract balances. The Company does not recognize revenue in advance of invoicing its customers and therefore has no related contract assets. The Company records a receivable when revenue is recognized prior to payment and the Company has unconditional right to payment. Alternatively, when payment precedes the related services, the Company records a contract liability, or deferred revenue, until its performance obligations are satisfied. The Company's deferred revenue as of July 31, 2018 and January 31, 2018 was $0.5 million and $0.5 million, respectively. The balances related to cash received in advance for a certain interchange revenue arrangement. The Company expects to satisfy its remaining obligations for this arrangement.

Significant judgments. The Company makes no significant judgments in determining the amount or timing of revenue recognition. The Company has estimated the average economic life of an HSA Member and a 401(k) customer relationship to be 15 years and 10 years, respectively, and which has been determined to be the amortization period for the capitalized sales commissions contract costs.

Practical expedients. The Company has applied the practical expedient which allows an entity to account for incremental costs of obtaining a contract at a portfolio level. The Company has also applied the practical expedient to recognized incremental costs of obtaining contracts as an expense when incurred if the amortization period would have been one year or less.

Adoption of ASU 2016-01

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Liabilities*. In February 2018, the FASB issued ASU No. 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities,* which clarifies certain aspects of the guidance issued in ASU 2016-01. The amendments in these updates revise an entity's accounting related to the classification and measurement of investments in equity securities and the presentation of certain fair value changes for financial liabilities measured at fair value. This ASU 2016-01 also amends certain disclosure requirements associated with the fair value of financial instruments. The Company adopted these ASUs on February 1, 2018 using the modified retrospective method. The Company recorded the cumulative effect as an adjustment to the opening balance of retained earnings. The comparative period information has not been restated and continues to be reported under the accounting standards in effect for that period.The cumulative effect of the changes made to the Company's condensed consolidated balance sheet as of February 1, 2018 due to the adoption of ASU 2016-01 were as follows:

HealthEquity, Inc. and subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Note 1. Summary of business and significant accounting policies (continued)

(in thousands)	January 31, 2018	Adjustments	February 1, 2018
Deferred tax asset	$ 5,461	$ (87)	$ 5,374
Accumulated other comprehensive loss	$ (269)	$ 269	$ —
Accumulated earnings	$ 85,300	$ (356)	$ 84,944

This ASU also eliminated the cost method of accounting for investments in equity securities that do not have readily determinable fair values and permits the election of a measurement alternative that allows such securities to be recorded at cost, less impairment, if any, plus or minus changes resulting from observable price changes in market-based transactions for an identical or similar investment of the same issuer. The Company adopted this provision on a prospective basis as it relates to its 2% ownership interest in a limited partnership and elected the measurement alternative for non-marketable investments previously accounted for under the cost method of accounting. Gains and losses resulting from observable price changes in market-based transactions for an identical or similar investment of the same issuer or impairment will be recorded through net income in the period incurred.

The impact of the adoption on the Company's condensed consolidated financial statements as of and for the three and six months ended July 31, 2018 was not significant.

Adoption of ASU 2018-02

In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which gives companies the option to reclassify between accumulated other comprehensive income ("AOCI") and retained earnings the income tax rate differential that has become stranded in AOCI as a result of the enactment of the Tax Cuts and Jobs Act and the revaluation of certain deferred tax assets and liabilities at the new federal income tax rate of 21%. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Company elected to early adopt this ASU in the fourth quarter of fiscal year 2018. As a result of adopting this standard, the reclassification of the income tax effects of this tax reform during the year ended January 31, 2018 resulted in an increase to retained earnings and a decrease to AOCI in the amount of $45,000 related to the decrease in the federal corporate income tax rate. The Company's policy is to use the portfolio approach in releasing income tax effects from AOCI.

Adoption of ASU 2016-16

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740) - Intra-Entity Transfers of Assets Other Than Inventory*, which updates the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company adopted this ASU during the six months ended July 31, 2018. There was no impact on the Company's condensed consolidated financial statements as a result of the adoption.

Adoption of ASU 2016-15

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows* (Topic 230), which provides guidance on the classification of certain cash receipts and cash payments. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company adopted this ASU during the six months ended July 31, 2018. There was no impact on the Company's condensed consolidated financial statements as a result of the adoption.

Adoption of ASU 2017-09

In May 2017, the FASB issued ASU 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting,* which provides guidance about changes to the terms or conditions of a share-based payment award. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company adopted this ASU during the six months ended July 31, 2018, and prospectively applies this standard to awards modified on or after the adoption date. There was no impact on the Company's condensed consolidated financial statements as a result of the adoption.

HealthEquity, Inc. and subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Note 1. Summary of business and significant accounting policies (continued)

Recent issued accounting pronouncements

In August 2018, the FASB issued ASU 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This ASU allows the capitalization of implementation costs incurred in a hosting arrangement. This ASU is effective for fiscal years beginning after December 15, 2019. The Company is currently evaluating the potential effect of this ASU on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (ASC 842), which sets out the principles for the recognition, measurement, presentation and disclosure for both parties to a contract (i.e. lessees and lessors). ASC 842 supersedes the previous leases standard, ASC 840 leases. This ASU is effective for financial statements issued for reporting periods beginning after December 15, 2018 and requires a modified retrospective transition, and provides for certain practical expedients; early adoption is permitted. In July 2018, the FASB issued ASU 2018-11- *Leases (Topic 842) – Targeted Improvements*. This ASU provides transition relief on comparative reporting to the previously-issued ASU 2016-02 and related guidance. The Company will use the cumulative effect transition method and does not plan to early adopt. The Company is currently evaluating the potential effect of this ASU on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments,* which requires financial assets measured at amortized cost be presented at the net amount expected to be collected. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. The Company does not plan to early adopt this ASU. The Company believes the adoption of this ASU will have an immaterial impact on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment,* which removes step two from the goodwill impairment test. As a result, an entity should perform its annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting units' fair value. This ASU is effective for fiscal years beginning December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the timing of adoption; however, it does not believe this ASU will have a material impact on the Company's consolidated financial statements.

Note 2. Net income per share

The following table sets forth the computation of basic and diluted net income per share:

	Three months ended July 31,		Six months ended July 31,	
(in thousands, except per share data)	**2018**	**2017**	**2018**	**2017**
Numerator (basic and diluted):				
Net income	$ 22,517	$ 16,946	$ 45,094	$ 30,975
Denominator (basic):				
Weighted-average common shares outstanding	61,880	60,173	61,531	59,955
Denominator (diluted):				
Weighted-average common shares outstanding	61,880	60,173	61,531	59,955
Weighted-average dilutive effect of stock options and restricted stock units	1,517	1,592	1,529	1,649
Diluted weighted-average common shares outstanding	63,397	61,765	63,060	61,604
Net income per share:				
Basic	$ 0.36	$ 0.28	$ 0.73	$ 0.52
Diluted	$ 0.36	$ 0.27	$ 0.72	$ 0.50

HealthEquity, Inc. and subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Note 2. Net income per share (continued)

For the three months ended July 31, 2018 and 2017, approximately 0.1 million and 0.8 million shares, respectively, attributable to stock options, restricted stock units, and restricted stock awards were excluded from the calculation of diluted earnings per share as their inclusion would have been anti-dilutive.

For the six months ended July 31, 2018 and 2017, approximately 0.1 million and 0.7 million shares, respectively, attributable to stock options, restricted stock units, and restricted stock awards were excluded from the calculation of diluted earnings per share as their inclusion would have been anti-dilutive.

Note 3. Cash, cash equivalents and marketable securities

Cash, cash equivalents and marketable securities as of July 31, 2018 consisted of the following:

(in thousands)	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value
Cash and cash equivalents	$ 261,808	$ —	$ —	$ 261,808
Marketable securities:				
Mutual funds	41,521	335	(747)	41,109
Total cash, cash equivalents and marketable securities	$ 303,329	$ 335	$ (747)	$ 302,917

Cash, cash equivalents and marketable securities as of January 31, 2018 consisted of the following:

(in thousands)	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value
Cash and cash equivalents	$ 199,472	$ —	$ —	$ 199,472
Marketable securities:				
Mutual funds	41,153	270	(626)	40,797
Total cash, cash equivalents and marketable securities	$ 240,625	$ 270	$ (626)	$ 240,269

The following table summarizes the cost basis and fair value of the marketable securities by contractual maturity as of July 31, 2018:

(in thousands)	Cost basis	Fair value
One year or less	$ 25,890	$ 25,812
Over one year and less than five years	15,631	15,297
Total	$ 41,521	$ 41,109

Unrealized losses from marketable securities are primarily attributable to change in interest rates. The Company does not believe any remaining unrealized losses represent other-than-temporary impairments based on the Company's evaluation of available evidence as of July 31, 2018.

Unrealized gain and loss recognized during the three and six months ended July 31, 2018 for marketable securities held as of July 31, 2018 was a gain of $32,000 and a loss of $0.1 million, respectively.

HealthEquity, Inc. and subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Note 4. Property and equipment

Property and equipment consisted of the following as of July 31, 2018 and January 31, 2018:

(in thousands)	July 31, 2018	January 31, 2018
Leasehold improvements	$ 3,733	$ 2,292
Furniture and fixtures	5,045	4,785
Computer equipment	8,594	8,174
Property and equipment, gross	17,372	15,251
Accumulated depreciation	(8,503)	(7,415)
Property and equipment, net	$ 8,869	$ 7,836

Depreciation expense for the three months ended July 31, 2018 and 2017 was $0.8 million and $0.6 million, respectively, and $1.7 million and $1.3 million for the six months ended July 31, 2018 and 2017, respectively.

Note 5. Intangible assets and goodwill

During the three months ended July 31, 2018, the Company acquired the rights to be the custodian of an HSA portfolio for $1.2 million, of which $1.0 million was paid in cash as of July 31, 2018.

During the three months ended July 31, 2018 and 2017, the Company capitalized software development costs of $2.1 million and $2.0 million, respectively, and $4.2 million and $4.2 million for the six months ended July 31, 2018 and 2017, respectively, related to significant enhancements and upgrades to its proprietary system.

The gross carrying amount and associated accumulated amortization of intangible assets were as follows as of July 31, 2018 and January 31, 2018:

(in thousands)	July 31, 2018	January 31, 2018
Amortized intangible assets:		
Capitalized software development costs	$ 36,171	$ 31,993
Software	4,124	8,863
Other intangible assets	2,882	2,882
Acquired intangible member assets	85,110	83,915
Intangible assets, gross	128,287	127,653
Accumulated amortization	(46,010)	(44,018)
Intangible assets, net	$ 82,277	$ 83,635

During the three months ended July 31, 2018 and 2017, the Company expensed a total of $3.4 million and $3.1 million, respectively, and $6.6 million and $5.9 million for the six months ended July 31, 2018 and 2017, respectively, in software development costs primarily related to the post-implementation and operation stages of its proprietary software.

Amortization expense for the three months ended July 31, 2018 and 2017 was $3.5 million and $3.0 million, respectively, and $7.2 million and $5.9 million for the six months ended July 31, 2018 and 2017, respectively.

There were no changes to the goodwill carrying value during the three and six months ended July 31, 2018 and 2017.

Note 6. Commitments and contingencies

The Company's principal commitments and contingencies consist of a processing services agreement with a vendor, and obligations for office space, telephony services, data storage facilities, equipment and certain maintenance agreements under long-term, non-cancelable operating leases. These commitments as of January 31, 2018 are disclosed in the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended January 31, 2018, and did not change materially during the three and six months ended July 31, 2018.

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Note 6. Commitments and contingencies (continued)

Lease expense for office space for the three months ended July 31, 2018 and 2017 was $1.3 million and $1.0 million, respectively, and $2.7 million and $2.1 million for the six months ended July 31, 2018 and 2017, respectively. Expense for other lease agreements for the three months ended July 31, 2018 and 2017 was $0.1 million and $0.1 million, respectively, and $0.3 million and $0.2 million for the six months ended July 31, 2018 and 2017, respectively.

Note 7. Indebtedness

On September 30, 2015, the Company entered into a new credit facility (the "Credit Agreement") that provides for a secured revolving credit facility in the aggregate principal amount of $100.0 million for a term of five years. The proceeds of borrowings under the Credit Agreement may be used for general corporate purposes. No amounts have been drawn under the Credit Agreement as of July 31, 2018.

Borrowings under the Credit Agreement bear interest equal to, at the Company's option, a) an adjusted LIBOR rate or b) a customary base rate, in each case with an applicable spread to be determined based on the Company's leverage ratio as of the most recent fiscal quarter. The applicable spread for borrowing under the Credit Agreement ranges from 1.50% to 2.00% with respect to adjusted LIBOR rate borrowings and 0.50% to 1.00% with respect to customary base rate borrowings. Additionally, the Company pays a commitment fee ranging from 0.20% to 0.30% on the daily amount of the unused commitments under the Credit Agreement payable in arrears at the end of each fiscal quarter.

The Company's material subsidiaries are required to guarantee the obligations of the Company under the Credit Agreement. The obligations of the Company and the guarantors under the Credit Agreement and the guarantees are secured by substantially all assets of the Company and the guarantors, subject to customary exclusions and exceptions.

The Credit Agreement requires the Company to maintain a total leverage ratio of not more than 3.00 to 1.00 as of the end of each fiscal quarter and a minimum interest coverage ratio of at least 3.00 to 1.00 as of the end of each fiscal quarter. In addition, the Credit Agreement includes customary representations and warranties, affirmative and negative covenants, and events of default. The restrictive covenants include customary restrictions on the Company's ability to incur additional indebtedness; make investments, loans or advances; grant or incur liens on assets; engage in mergers, consolidations, liquidations or dissolutions; engage in transactions with affiliates; and make dividend payments. The Company was in compliance with these covenants as of July 31, 2018.

Note 8. Income taxes

The Company follows FASB Accounting Standards Codification 740-270, *Income Taxes - Interim Reporting*, for the computation and presentation of its interim period tax provision. Accordingly, management estimated the effective annual tax rate and applied this rate to the year-to-date pre-tax book income to determine the interim provision for income taxes. For the three and six months ended July 31, 2018, the Company recorded an income tax benefit of $1.0 million and $3.1 million, respectively. The resulting effective income tax rate was a benefit of 4.8% and 7.3% for the the three and six months ended July 31, 2018, compared with an effective income tax benefit rate of 3.0% and an effective income tax expense rate of 4.1% for the three and six months ended July 31, 2017. For the three and six months ended July 31, 2018 and July 31, 2017, the net impact of discrete tax items caused a 27.4 and 29.7 percentage point decrease and a 38.8 and 31.7 percentage point decrease, respectively, to the effective income tax rate primarily due to the excess tax benefit on stock-based compensation expense recognized in the provision for income taxes in the condensed consolidated statements of income. The decrease in the effective income tax rate from the same periods last year is primarily due to the reduction in the US federal corporate income tax rate from 35% to 21% as a result of legislative changes effective January 1, 2018 and an increase in federal and state research and development tax credits.

The Tax Cuts and Jobs Act, which was enacted on December 22, 2017, reduced the federal corporate income tax rate from 35% to 21%, among other provisions. In accordance with ASU 2018-05 and Staff Accounting Bulletin No. 118 (“SAB 118”), registrants were able to record provisional amounts during a one-year “measurement period” from the enactment date of the Tax Cuts and Jobs Act. The measurement period is deemed to have ended earlier when

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Notes to condensed consolidated financial statements (unaudited)

Note 8. Income taxes (continued)

the registrant has obtained, prepared, and analyzed the information necessary to finalize its accounting. During the measurement period, impacts of the law are expected to be recorded at the time a reasonable estimate for all or a portion of the effects can be made, and provisional amounts can be recognized and adjusted as information becomes available, prepared, or analyzed.

SAB 118 summarizes a three-step process to be applied at each reporting period to account for and qualitatively disclose: (1) the effects of the change in tax law for which accounting is complete; (2) provisional amounts (or adjustments to provisional amounts) for the effects of the tax law where accounting is not complete, but that a reasonable estimate has been determined; and (3) a reasonable estimate cannot yet be made and therefore taxes are reflected in accordance with law prior to the enactment of the Tax Cuts and Jobs Act.

The Company remeasured certain deferred tax assets and liabilities as of December 31, 2017 based on rates at which they are expected to reverse in the future, which is generally the new corporate income tax rate of 21% as enacted by the Tax Cuts and Jobs Act. However, the Company's analysis is incomplete as it is still analyzing certain aspects of the Act and refining its calculations, including state conformity and the impact of state tax rates on deferred tax balances, which could potentially affect the measurement of these balances or potentially give rise to new deferred tax amounts. Based on the best information available, the provisional amount recorded related to the remeasurement of the Company's deferred tax balances resulted in a decrease in net deferred tax assets of $0.5 million during the year ended January 31, 2018. As of July 31, 2018, the Company has not made any additional measurement period adjustments to the provisional amount recorded as of January 31, 2018. The Company will continue to make and refine its calculations as additional analysis is completed. In addition, the Company's estimates may also be affected as it gains a more thorough understanding of the enacted tax law changes and as additional future guidance on the effects of the Tax Cuts and Jobs Act is made available. The Company expects to complete its accounting within the prescribed measurement period.

Other significant provisions of the Tax Cuts and Jobs Act were effective as of January 1, 2018, including, but not limited to: the limitation on the current deductibility of net interest expense in excess of 30% of adjusted taxable income, changes in the deductibility of certain meals and entertainment business expenses, and changes in the deductibility of certain excessive employee remuneration. The Company has applied these provisions to its current income tax provision as it relates to its tax return period beginning January 1, 2018 using reasonable interpretations and available guidance. Further guidance or technical corrections may affect the Company's estimates and the application of these provisions on its income tax provision.

As of July 31, 2018 and January 31, 2018, the Company’s total gross unrecognized tax benefit was $1.3 million and $0.9 million, respectively. Certain unrecognized tax benefits have been netted against their related deferred tax assets; therefore, no unrecognized tax benefit has been recorded as of July 31, 2018 and January 31, 2018. If recognized, $1.2 million of the total gross unrecognized tax benefits would affect the Company's effective tax rate as of July 31, 2018.

The Company files income tax returns with U.S. federal and state taxing jurisdictions and is not currently under examination with any jurisdiction. The Company remains subject to examination by federal and various state taxing jurisdictions for tax years after 2003.

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Notes to condensed consolidated financial statements (unaudited)

Note 9. Stock-based compensation

The following table shows a summary of stock-based compensation in the Company's condensed consolidated statements of operations and comprehensive income during the periods presented:

	Three months ended July 31,		Six months ended July 31,	
(in thousands)	**2018**	**2017**	**2018**	**2017**
Cost of revenue	$ 807	$ 692	$ 1,220	$ 1,183
Sales and marketing	891	526	1,596	842
Technology and development	1,300	862	2,291	1,534
General and administrative	2,490	1,714	4,620	3,244
Total stock-based compensation expense	$ 5,488	$ 3,794	$ 9,727	$ 6,803

The following table shows stock-based compensation by award type:

	Three months ended July 31,		Six months ended July 31,	
(in thousands)	**2018**	**2017**	**2018**	**2017**
Stock options	$ 1,983	$ 2,050	$ 3,747	$ 3,898
Performance stock options	172	354	325	686
Restricted stock units	2,045	780	3,587	1,411
Performance restricted stock units	536	610	1,050	808
Restricted stock awards	171	—	226	—
Performance restricted stock awards	581	—	792	—
Total stock-based compensation expense	$ 5,488	$ 3,794	$ 9,727	$ 6,803

Stock options

The Company currently grants stock options under the 2014 Equity Incentive Plan (as amended and restated, the "Incentive Plan"), which provided for the issuance of stock options to the directors and team members of the Company to purchase up to an aggregate of 2.6 million shares of common stock.

In addition, under the Incentive Plan, the number of shares of common stock reserved for issuance under the Incentive Plan automatically increases on February 1 of each year, beginning as of February 1, 2015 and continuing through and including February 1, 2024, by 3% of the total number of shares of the Company's capital stock outstanding on January 31 of the preceding fiscal year, or a lesser number of shares determined by the board of directors.

Under the terms of the Incentive Plan, the Company has the ability to grant incentive and nonqualified stock options. Incentive stock options may be granted only to Company team members. Nonqualified stock options may be granted to Company team members, directors and consultants. Such options are to be exercisable at prices, as determined by the board of directors, which must be equal to no less than the fair value of the Company's common stock at the date of the grant. Stock options granted under the Incentive Plan generally expire 10 years from the date of issuance, or are forfeited 90 days after termination of employment. Shares of common stock underlying stock options that are forfeited or that expire are returned to the Incentive Plan.

Valuation assumptions. The Company has adopted the provisions of Topic 718, which requires the measurement and recognition of compensation for all stock-based awards made to team members and directors, based on estimated fair values.

Under Topic 718, the Company uses the Black-Scholes option pricing model as the method of valuation for stock options. The determination of the fair value of stock-based awards on the date of grant is affected by the fair value of the stock as well as assumptions regarding a number of complex and subjective variables. The variables include, but are not limited to, 1) the expected life of the option, 2) the expected volatility of the fair value of the Company's

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Note 9. Stock-based compensation (continued)

common stock over the term of the award estimated by averaging the Company's historical volatility in addition to published volatilities of a relative peer group, 3) risk-free interest rate, and 4) expected dividends.

The key input assumptions that were utilized in the valuation of the stock options granted during the periods presented:

	Three months ended July 31,		Six months ended July 31,	
	2018	2017	2018	2017
Expected dividend yield	*	—%	—%	—%
Expected stock price volatility	*	37.79%	37.84%	37.79% - 38.01%
Risk-free interest rate	*	1.89%	2.52% - 2.68%	1.89% - 2.07%
Expected life of options	*	6.25 years	5.17 - 6.25 years	5.17 - 6.25 years

* No stock options were granted during the three months ended July 31, 2018.

The determination of the fair value of stock options on the date of grant using the Black-Scholes option pricing model is affected by the Company's stock price as well as assumptions regarding a number of complex and subjective variables. Expected volatility is determined using weighted average volatility of publicly traded peer companies. During the three and six months ended July 31, 2018, the Company began using its own historical volatility in addition to the volatility of publicly traded peer companies, as its share price history grows over time. The risk-free interest rate is determined by using published zero coupon rates on treasury notes for each grant date given the expected term on the options. The dividend yield of zero is based on the fact that the Company expects to invest cash in operations. The Company uses the "simplified" method to estimate expected term as determined under Staff Accounting Bulletin No. 110 due to the lack of option exercise history as a public company.

A summary of stock option activity is as follows:

					Outstanding stock options	
(in thousands, except for exercise prices and term)	Number of options	Range of exercise prices	Weighted-average exercise price	Weighted-average contractual term (in years)		Aggregate intrinsic value
Outstanding as of January 31, 2018	3,699	$0.10 - 51.44	$ 22.83	7.26	$	102,796
Granted	89	$50.41 - 61.72	$ 60.07			
Exercised	(1,103)	$0.10 - 44.53	$ 16.86			
Forfeited	(109)	$14.00 - 44.53	$ 30.57			
Outstanding as of July 31, 2018	2,576	$0.10 - 61.72	$ 26.36	7.16	$	126,579
Vested and expected to vest as of July 31, 2018	2,576		$ 26.36	7.16	$	126,579
Exercisable as of July 31, 2018	814		$ 21.00	6.57	$	44,374

The aggregate intrinsic value in the table above represents the difference between the estimated fair value of common stock and the exercise price of outstanding, in-the-money stock options.

As of July 31, 2018, the weighted-average vesting period of non-vested awards expected to vest is approximately 1.6 years; the amount of compensation expense the Company expects to recognize for stock options vesting in future periods is approximately $14.4 million.

Performance options. The Company recorded compensation expense related to the performance-based options based on the Company's probability assessment of attaining its Adjusted EBITDA targets, and Adjusted EBITDA per common share growth rates.

Restricted stock units and restricted stock awards

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Note 9. Stock-based compensation (continued)

The Company grants restricted stock units ("RSUs") and restricted stock awards ("RSAs") to certain team members, officers, and directors under the Incentive Plan. RSUs and RSAs vest upon service-based criteria and performance-based criteria. Generally, service-based RSUs and RSAs vest over a four-year period in equal annual installments commencing upon the first anniversary of the grant date. RSUs and RSAs are valued based on the current value of the Company's closing stock price on the date of grant less the present value of future expected dividends discounted at the risk-free interest rate.

Performance restricted stock units. In March 2017, the Company awarded 146,964 performance-based RSUs ("PRSUs"). Vesting of the PRSUs is dependent upon the achievement of certain financial criteria and cliff vest on January 31, 2020. The Company records stock-based compensation related to PRSUs when it is considered probable that the performance conditions will be met. Issuance of the underlying shares occurs at vesting. The Company believes it is probable that the PRSUs will vest at least in part. The vesting of PRSUs will ultimately range from 0% to 150% of the number of shares underlying the PRSU grant based on the level of achievement of the performance goals.

Performance restricted stock awards. In March 2018, the Company awarded 227,760 performance-based RSAs ("PRSAs"). Vesting of the PRSAs is dependent upon the achievement of certain financial criteria and cliff vest on January 31, 2021. The Company records stock-based compensation related to PRSAs when it is considered probable that the performance conditions will be met. Issuance of the underlying shares occurs at the grant date. The Company believes it is probable that the PRSAs will vest at least in part. The vesting of PRSAs will ultimately range from 0% to 200% based on the level of achievement of the performance goals. The PRSAs were issued at the 200% level of achievement subject to clawback based on actual Company performance.

A summary of the RSU and RSA activity is as follows:

	RSUs and PRSUs		RSAs and PRSAs	
(in thousands, except weighted-average grant date fair value)	**Shares**	**Weighted-average grant date fair value**	**Shares**	**Weighted-average grant date fair value**
Outstanding as of January 31, 2018	451	$ 44.10	—	$ —
Granted	243	62.86	275	61.92
Vested	(66)	45.18	—	—
Forfeited	(20)	43.30	(19)	61.72
Outstanding as of July 31, 2018	608	$ 51.51	256	$ 61.93

Total unrecorded stock-based compensation expense as of July 31, 2018 associated with RSUs and PRSUs was $25.4 million, which is expected to be recognized over a weighted-average period of 2.9 years. Total unrecorded stock-based compensation expense as of July 31, 2018 associated with RSAs and PRSAs was $8.3 million, which is expected to be recognized over a weighted-average period of 2.9 years.

Note 10. Fair Value

Fair value measurements are made at a specific point in time, based on relevant market information. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accounting standards specify a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1—quoted prices in active markets for identical assets or liabilities;
- Level 2—inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

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Note 10. Fair value (continued)

- Level 3—unobservable inputs based on the Company's own assumptions.

Level 1 instruments are valued based on publicly available daily net asset values. Level 1 instruments consist primarily of highly liquid mutual funds.
The following tables summarize the assets measured at fair value on a recurring basis and indicates the level within the fair value hierarchy reflecting the valuation techniques utilized to determine fair value:

				July 31, 2018
(in thousands)	**Level 1**	**Level 2**		**Level 3**
Marketable securities:				
Mutual funds	$ 41,109	$ —	$	—

				January 31, 2018
(in thousands)	**Level 1**	**Level 2**		**Level 3**
Marketable securities:				
Mutual funds	$ 40,797	$ —	$	—

The Company has classified cash and cash equivalents as Level 1 and certain non-trade receivables as Level 2 in the fair value hierarchy.

Item 2. Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Statements that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are often identified by the use of words such as, but not limited to, "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "seek," "should," "target," "will," "would" and similar expressions or variations intended to identify forward-looking statements. Such statements include, but are not limited to, statements concerning market opportunity, our future financial and operating results, investment and acquisition strategy, sales and marketing strategy, management's plans, beliefs and objectives for future operations, technology and development, economic and industry trends or trend analysis, expectations about seasonality, opportunity for portfolio purchases and other acquisitions, use of non-GAAP financial measures, operating expenses, anticipated income tax rates, capital expenditures, cash flows and liquidity. These statements are based on the beliefs and assumptions of our management based on information currently available to us. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk factors" included in our Annual Report on Form 10-K for the year ended January 31, 2018 and in our other reports filed with the SEC. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such events.

Overview

We are a leader and an innovator in the high-growth category of technology-enabled services platforms that empower consumers to make healthcare saving and spending decisions. Our platform provides an ecosystem where consumers can access their tax-advantaged healthcare savings, compare treatment options and pricing, evaluate and pay healthcare bills, receive personalized benefit and clinical information, earn wellness incentives, and make educated investment choices to grow their tax-advantaged healthcare savings.

The core of our ecosystem is the health savings account, or HSA, a financial account through which consumers spend and save long-term for healthcare on a tax-advantaged basis. As of January 31, 2018, we were the integrated HSA platform for 124 Health Plan and Administrator Partners and over 40,000 Employer Partners. Our Health Plan and Administrator Partners and Employer Partners constitute our Network Partners.

Since our inception in 2002, we have been committed to developing technology solutions that empower healthcare consumers. In 2003, we began offering live 24/7/365 consumer support from health saving and spending experts. In 2005, we integrated HSAs with our first health plan partner, and in 2006, we were authorized to act as an HSA custodian by the U.S. Department of the Treasury. In 2009, we integrated HSAs with multiple health plans of a single large employer, began delivering integrated wellness incentives through an HSA, and partnered with a private health insurance exchange as its preferred HSA partner. In 2011, we integrated HSAs, reimbursement arrangements, or RAs, and investment accounts on one website, and in 2013, our registered investment advisor subsidiary began delivering HSA-specific investment advice online. In 2015, we launched our HSA Optimizer, which helps HSA members optimize their accounts based on their individual preferences and goals. In 2016, we launched a new feature which provides HSA account holders advance access to planned contributions. In 2017, we began to offer ERISA plan administration and investment services (with partnered advisors and record keepers) that can help reduce the cost, risk, and work of managing a 401(k) or similar retirement plan.

We earn revenue primarily from three sources: service revenue, custodial revenue and interchange revenue. We earn service revenue by providing monthly account services on our platform, primarily through contracts with our Network Partners, and custodial agreements with individual members. We earn custodial revenue, an increasing component of our overall revenue, from custodial cash assets deposited with our federally-insured custodial depository partners and with our insurance company partner, and recordkeeping fees we earn in respect of mutual funds in which our members invest. We also earn interchange revenue from interchange fees on payments that our members make using our physical and virtual payment cards.

Key factors affecting our performance

We believe that our performance and future success are driven by a number of factors, including those identified below. Each of these factors presents both significant opportunities and significant risks to our future performance. See the section entitled “Risk factors” included in our Annual Report on Form 10-K.

Structural change in U.S. private health insurance

Substantially all of our revenue is derived from healthcare-related saving and spending by consumers in the United States, which is impacted by changes affecting the broader healthcare industry in the U.S. The healthcare industry has changed significantly in recent years, and we expect that significant changes will continue to occur that will result in increased participation in high deductible healthcare plans, or HDHPs, and other consumer-centric health plans. In particular, we believe that continued growth in healthcare costs, and related factors will spur HDHP and HSA growth; however, the timing and impact of these and other developments in the healthcare industry are difficult to predict, and changes in U.S. healthcare policy could adversely affect our business.

Attracting and penetrating network partners

We created our business model to take advantage of the changing dynamics of the U.S. private health insurance market. Our model is based on a B2B2C distribution strategy, meaning that we rely on our Employer Partners and Health Plan and Administrator Partners to reach potential members to increase the number of our HSA Members. Our success depends in large part on our ability to further penetrate our existing Network Partners by adding new HSA Members from these partners and adding new Network Partners.

Our innovative technology platform

We believe that innovations incorporated in our technology that enable consumers to make healthcare saving and spending decisions differentiate us from our competitors and drive our growth in revenue, HSA Members, Network Partners and custodial assets. Similarly, these innovations underpin our ability to provide a differentiated consumer experience in a cost-effective manner. We intend to continue to invest in our technology development to enhance our platform's capabilities and infrastructure.

Our "DEEP Purple" culture

The new healthcare consumer needs education and guidance delivered by people as well as technology. We believe that our "DEEP Purple" culture which we define as driving excellence, ethics, and process while providing remarkable service, is a significant factor in our ability to attract and retain customers and to address nimbly, opportunities in the rapidly changing healthcare sector. We make significant efforts to promote and foster DEEP Purple within our workforce. We invest in and intend to continue to invest in human capital through technology-enabled training, career development and advancement opportunities.

Interest rates

As a non-bank custodian, we contract with federally-insured custodial depository partners and an insurance company partner to hold custodial cash assets on behalf of our members, and we earn a significant portion of our total revenue from interest rates offered to us by these partners. The contract terms range from three to five years and have either fixed or variable interest rates. We have recently developed capabilities and entered into an agreement to begin holding custodial cash assets with credit unions that are federally insured by the National Credit Union Administration, or NCUA, share insurance fund. As our custodial assets increase and existing agreements expire, we seek to enter into new contracts with federally-insured custodial depository partners, the terms of which are impacted by the then-prevailing interest rate environment. The diversification of deposits among federally-insured custodial depository partners and varied contract terms substantially reduces our exposure to short-term fluctuations in prevailing interest rates and mitigates the short-term impact of a sustained increase or decline in prevailing interest rates on our custodial revenue. A sustained decline in prevailing interest rates may negatively affect our business by reducing the size of the interest rate yield, or yield, available to us and thus the amount of the custodial revenue we can realize. Conversely, a sustained increase in prevailing interest rates can increase our yield over time. An increase in our yield would increase our custodial revenue as a percentage of total revenue. In addition, as our yield increases, we expect the spread to grow between the interest offered to us by our federally-insured custodial depository partners and the interest retained by our members, thus increasing our profitability. However, we may be required to increase the interest retained by our members in a rising prevailing interest rate environment and we do not currently intend to allow the spread to exceed the net interest margin for all U.S. banks. Changes in prevailing interest rates are driven by macroeconomic trends and government policies over which we have no control.

Our competition and industry

Our direct competitors are HSA custodians. Many of these are state or federally chartered banks and other financial institutions for which we believe technology-based healthcare services are not a core business. Certain of our direct competitors have chosen to exit the market despite increased demand for these services. This has created, and we believe will continue to create, opportunities for us to leverage our technology platform and capabilities to increase our market share. However, some of our direct competitors are in a position, should they choose, to devote more resources to the development, sale and support of their products and services than we have at our disposal. In addition, numerous indirect competitors, including benefits administration technology and service providers, partner with banks and other HSA custodians to compete with us. Our Health Plan and Administrator Partners may also choose to offer technology-based healthcare services directly, as some health plans have done. Our success depends on our ability to predict and react quickly to these and other industry and competitive dynamics.

Regulatory environment

Federal law and regulations, including the Affordable Care Act, the Internal Revenue Code and IRS regulations, the Employee Retirement Income Security Act and Department of Labor regulations, and public health regulations that govern the provision of health insurance, play a pivotal role in determining our market opportunity. Privacy and data security-related laws such as the Health Insurance Portability and Accountability Act, or HIPAA, and the Gramm-Leach-Bliley Act, laws governing the provision of investment advice to consumers, such as the Investment Advisers Act of 1940, or the Advisers Act, the USA PATRIOT Act, anti-money laundering laws, and the Federal Deposit Insurance Act, all play a similar role in determining our competitive landscape. In addition, state-level regulations also have significant implications for our business in some cases. For example, our subsidiary HealthEquity Trust

Company is regulated by the Wyoming Division of Banking, and several states are considering, or have already passed, new fiduciary rules that can affect our business. Our ability to predict and react quickly to relevant legal and regulatory trends and to correctly interpret their market and competitive implications is important to our success.

Our acquisition strategy

We have a successful history of acquiring complementary assets and businesses that strengthen our platform. We seek to continue this growth strategy and are regularly engaged in evaluating different opportunities. We have developed an internal capability to source, evaluate and integrate acquisitions that have created value for shareholders. We believe the nature of our competitive landscape provides a significant acquisition opportunity. Many of our competitors view their HSA businesses as non-core functions. We believe more of them will look to divest these assets and, in certain cases, be limited from making acquisitions due to depository capital requirements. We intend to continue to pursue acquisitions of complementary assets and businesses that we believe will strengthen our platform.

Key financial and operating metrics

Our management regularly reviews a number of key operating and financial metrics to evaluate our business, determine the allocation of our resources, make decisions regarding corporate strategies and evaluate forward-looking projections and trends affecting our business. We discuss certain of these key financial metrics, including revenue, below in the section entitled “Key components of our results of operations.” In addition, we utilize other key metrics as described below.

HSA Members

The following table sets forth our HSA Members for the periods indicated:

(in thousands, except percentages)	July 31, 2018	July 31, 2017	% Change	January 31, 2018
HSA Members	3,574	2,900	23%	3,403
Average HSA Members - Year-to-date	3,488	2,820	24%	2,952
Average HSA Members - Quarter-to-date	3,533	2,858	24%	3,189
New HSA Members - Year-to-date	219	196	12%	723
New HSA Members - Quarter-to-date	121	119	2%	404
Active HSA Members	2,933	2,461	19%	2,863
HSA Members with investments	143	87	64%	122

The number of our HSA Members is critical because our revenue is driven by the amount we earn from HSA Member's accounts, balances and spend. The number of our HSA Members increased by approximately 675,000, or 23%, from July 31, 2017 to July 31, 2018, primarily driven by the addition of new Network Partners and further penetration into existing Network Partners, and our acquisition during the year ended January 31, 2018 of the rights to be custodian of First Interstate Bancsystem and Alliant Credit Union, and during the three months ended July 31, 2018, of Mountain America Credit Union portfolios consisting of approximately 14,000, 40,000, and 5,000 HSA Members, respectively.

HSAs are individually owned portable healthcare accounts. As HSA Members transition between employers or health plans, they may no longer be enrolled in an HDHP that qualifies them to continue to make contributions to their HSA. If these HSA Members deplete their custodial balance, we may consider them no longer an Active HSA Member. We define an Active HSA Member as an HSA Member that (i) is associated with a Health Plan and Administrator Partner or an Employer Partner, in each case as of the end of the applicable period; or (ii) has held a custodial balance at any point during the previous twelve month period. Active HSA Members increased 19% from 2.5 million as of July 31, 2017 to 2.9 million as of July 31, 2018.

Custodial assets

The following table sets forth our custodial assets for the periods indicated:

(in millions, except percentages)	July 31, 2018	July 31, 2017	% Change	January 31, 2018
Custodial cash	$ 5,537	$ 4,503	23%	$ 5,489
Custodial investments	1,494	871	72%	1,289
Total custodial assets	$ 7,031	$ 5,374	31%	$ 6,778
Average daily custodial cash - Year-to-date	$ 5,478	$ 4,429	24%	$ 4,571
Average daily custodial cash - Quarter-to-date	$ 5,489	$ 4,448	23%	$ 4,876

Our custodial assets, which are our HSA Members' assets for which we are the custodian, consist of the following components: (i) custodial cash deposits, which are deposits with our federally-insured custodial depository partners, (ii) custodial cash deposits invested in an annuity contract with our insurance company partner, and (iii) members' investments in mutual funds through our custodial investment fund partner. Measuring our custodial assets is important because our custodial revenue is directly affected by average daily custodial balances.

Our total custodial assets increased by $1.7 billion, or 31%, from July 31, 2017 to July 31, 2018, primarily driven by additional custodial assets from our existing HSA Members and new custodial assets from our new HSA Members, and our acquisition during the year ended January 31, 2018 of the rights to be custodian of First Interstate Bancsystem and Alliant Credit Union, and during the three months ended July 31, 2018, of Mountain America Credit Credit Union portfolios consisting of approximately $55.0 million, $109.0 million, and $12.0 million of custodial assets, respectively.

Adjusted EBITDA

We define Adjusted EBITDA, which is a non-GAAP financial metric, as adjusted earnings before interest, taxes, depreciation and amortization, stock-based compensation expense, and certain other non-operating items. We believe that Adjusted EBITDA provides useful information to investors and analysts in understanding and evaluating our operating results in the same manner as our management and our board of directors because it reflects operating profitability before consideration of non-operating expenses and non-cash expenses, and serves as a basis for comparison against other companies in our industry.

The following table presents a reconciliation of net income, the most comparable GAAP financial measure, to Adjusted EBITDA for each of the periods indicated:

	Three months ended July 31,		Six months ended July 31,	
(in thousands)	2018	2017	2018	2017
Net income	$ 22,517	$ 16,946	$ 45,094	$ 30,975
Interest income	(303)	(179)	(561)	(336)
Interest expense	69	69	136	136
Income tax provision (benefit)	(1,029)	(489)	(3,067)	1,319
Depreciation and amortization	2,918	2,573	5,968	4,971
Amortization of acquired intangible assets	1,478	1,082	2,948	2,165
Stock-based compensation expense	5,488	3,793	9,727	6,803
Other (1)	663	148	1,183	328
Adjusted EBITDA	$ 31,801	$ 23,943	$ 61,428	$ 46,361

(1) For the three months ended July 31, 2018 and 2017, Other consisted of non-income-based taxes of $116 and $102, other costs of $(32) and $0, acquisition-related costs of $224 and $46, and amortization of incremental costs to obtain a contract of $355 and $0, respectively. For the six months ended July 31, 2018 and 2017, Other consisted of non-income-based taxes of $220 and $190, other costs of $56 and $54, acquisition-related costs of $225 and $84, and amortization of incremental costs to obtain a contract of $682 and $0, respectively.

The following table further sets forth our Adjusted EBITDA:

	Three months ended July 31,				Six months ended July 31,			
(in thousands, except percentages)	2018	2017	$ Change	% Change	2018	2017	$ Change	% Change
Adjusted EBITDA	$ 31,801	$ 23,943	$ 7,858	33%	$ 61,428	$ 46,361	$ 15,067	32%
As a percentage of revenue	45%	42%			44%	41%		

Our Adjusted EBITDA increased by $7.9 million, or 33%, from $23.9 million for the three months ended July 31, 2017 to $31.8 million for the three months ended July 31, 2018. The increase in Adjusted EBITDA was driven by the overall growth of our business, including a $5.1 million, or 31%, increase in income from operations.

Our Adjusted EBITDA increased by $15.1 million, or 32%, from $46.4 million for the six months ended July 31, 2017 to $61.4 million for the six months ended July 31, 2018. The increase in Adjusted EBITDA was driven by the overall growth of our business, including a $9.7 million, or 30%, increase in income from operations.

Our use of Adjusted EBITDA has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP.

Key components of our results of operations

Revenue

We generate revenue from three primary sources: service revenue, custodial revenue and interchange revenue.

Service revenue. We earn service revenue from the fees we charge our Network Partners, employer clients and individual members for the administration services we provide in connection with the HSAs and RAs we offer. With respect to our Network Partners, our fees are generally based on a fixed tiered structure for the duration of our agreement with the relevant Network Partner and are paid to us on a monthly basis. We recognize revenue on a monthly basis as services are rendered under our written service agreements.

Custodial revenue. We earn custodial revenue, an increasing component of our overall revenue, from our custodial cash assets deposited with our FDIC-insured custodial depository bank partners and with our insurance company partner, and recordkeeping fees we earn in respect of mutual funds in which our members invest. As a non-bank custodian, we deposit our custodial cash with our various bank partners pursuant to contracts that (i) have terms up to five years, (ii) provide for a fixed or variable interest rate payable on the average daily cash balances deposited with the relevant bank partner, and (iii) have minimum and maximum required deposit balances. We earn custodial revenue on our custodial cash that is based on the interest rates offered to us by these bank partners. In addition, once a member's HSA cash balance reaches a certain threshold, the member is able to invest his or her HSA assets in mutual funds through our custodial investment partner. We receive a recordkeeping fee related to such custodial investments.

Interchange revenue. We earn interchange revenue each time one of our members uses one of our payment cards to make a qualified purchase. This revenue is collected each time a member "swipes" our payment card to pay a healthcare-related expense. We recognize interchange revenue monthly based on reports received from third parties, namely, the card-issuing bank and the card processor.

Cost of revenue

Cost of revenue includes costs related to servicing member accounts, managing customer and partner relationships and processing reimbursement claims. Expenditures include personnel-related costs, depreciation, amortization, stock-based compensation, common expense allocations (such as office rent, supplies, and other overhead expenses), new member and participant supplies, and other operating costs related to servicing our members. Other components of cost of revenue include interest retained by members on custodial cash and interchange costs incurred in connection with processing card transactions for our members.

Service costs. Service costs include the servicing costs described above. Additionally, for new accounts, we incur on-boarding costs associated with the new accounts, such as new member welcome kits, the cost associated with issuance of new payment cards and costs of marketing materials that we produce for our Network Partners.

Custodial costs. Custodial costs are comprised of interest retained by our HSA Members and fees we pay to banking consultants whom we use to help secure agreements with our federally-insured custodial depository partners. Interest retained by HSA Members is calculated on a tiered basis. The interest rates retained by HSA Members can change based on a formula or upon required notice.

Interchange costs. Interchange costs are comprised of costs we incur in connection with processing payment transactions initiated by our members. Due to the substantiation requirement on RA-linked payment card transactions, payment card costs are higher for RA card transactions. In addition to fixed per card fees, we are assessed additional transaction costs determined by the amount of the transaction.

Gross profit and gross margin

Our gross profit is our total revenue minus our total cost of revenue, and our gross margin is our gross profit expressed as a percentage of our total revenue. Our gross margin has been and will continue to be affected by a number of factors, including the amount we charge our partners and members, interest rates, how many services we deliver per account, and payment processing costs per account. We expect our annual gross margin to increase somewhat over the near term as our custodial revenue increases as a percentage of total revenue, although our gross margin could fluctuate from period to period depending on the interplay of these factors.

Operating expenses

Sales and marketing. Sales and marketing expenses consist primarily of personnel and related expenses for our sales and marketing staff, including sales commissions for our direct sales force, external agent/broker commission expenses, marketing expenses, depreciation, amortization, stock-based compensation, and common expense allocations.

Technology and development. Technology and development expenses include personnel and related expenses for software engineering, information technology, and product development. Technology and development expenses also include software engineering services, the costs of operating our on-demand technology infrastructure, depreciation, amortization of capitalized software development costs, stock-based compensation, and common expense allocations.

General and administrative. General and administrative expenses include personnel and related expenses of, and professional fees incurred by our executive, finance, legal, compliance, and people departments. They also include depreciation, amortization, stock-based compensation and common expense allocations.

Amortization of acquired intangible assets. Amortization of acquired intangible assets results primarily from our acquisition of intangible member assets. We acquired these intangible member assets from third-party custodians. We amortize these assets over the assets' estimated useful life of 15 years. We also acquired other intangible assets, which are 401(k) customer relationships, in connection with an acquisition of a business. We amortize these assets over the assets' estimated useful life of 10 years. We evaluate our acquired intangible assets for impairment at least each year, or at a triggering event.

Other expense, net

Other expense primarily consists of interest expense associated with our credit agreement, non-income-based taxes and acquisition-related expenses, offset by interest income on corporate cash and marketable securities.

Income tax provision

We are subject to federal and state income taxes in the United States based on a calendar tax year which differs from our fiscal year-end for financial reporting purposes. We use the asset and liability method to account for income taxes, under which current tax liabilities and assets are recognized for the estimated taxes payable or refundable on the tax returns for the current fiscal year. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, net operating loss carryforwards, and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted statutory tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled. As of July 31, 2018, we recorded a net deferred tax liability in most jurisdictions except Utah and four other states for which a net deferred tax asset has been recorded. Valuation allowances are established when necessary to reduce net deferred tax assets to the amount expected to be realized. Due to the positive evidence of current taxable income coupled with forecasted profitability, no valuation allowance was required as of July 31, 2018 for most of our deferred tax assets. However, we have recorded a valuation allowance of $0.1 million as of July 31, 2018 with respect to unrealized capital losses for which we do not expect to generate taxable capital gains in order to utilize the capital losses in the future. This valuation allowance was reflected as an adjustment to retained earnings as a result of the adoption of ASU 2016-01. No valuation allowance was recorded as of January 31, 2018.

Comparison of the three and six months ended July 31, 2018 and 2017

The following table sets forth our revenue for the periods indicated:

(in thousands, except percentages)	Three months ended July 31, 2018	2017	$ Change	% Change	Six months ended July 31, 2018	2017	$ Change	% Change
Service revenue	$ 24,935	$ 22,809	$ 2,126	9%	$ 49,756	$ 45,296	$ 4,460	10%
Custodial revenue	30,715	21,285	9,430	44%	59,149	40,604	18,545	46%
Interchange revenue	15,417	12,785	2,632	21%	32,066	26,400	5,666	21%
Total revenue	$ 71,067	$ 56,879	$ 14,188	25%	$ 140,971	$ 112,300	$ 28,671	26%

Service revenue

The $2.1 million, or 9%, increase in service revenue from the three months ended July 31, 2017 to the three months ended July 31, 2018 was primarily due to an increase in the number of our HSA Members, offset by lower service revenue per HSA Member. The $4.5 million, or 10%, increase in service revenue from the six months ended July 31, 2017 to the six months ended July 31, 2018 was primarily due to an increase in the number of our HSA Members, offset by lower service revenue per HSA Member. The number of our HSA Members increased by approximately 675,000, or 23%, from July 31, 2017 to July 31, 2018. The growth in the number of our HSA Members was due to growth from our new and existing Network Partners and our acquisition of the First Interstate Bancsystem, Alliant Credit Union, and Mountain America Credit Union portfolios.

Service revenue per HSA Member decreased by approximately 12% and 11% from the three and six months ended July 31, 2017 to the three and six months ended July 31, 2018. Our service fee tier structure incentivizes our Network Partners to add HSA Members by charging a lower rate for more HSA Members. As Network Partners add more HSA Members, the account fee per HSA Member will continue to decrease.

Custodial revenue

The $9.4 million, or 44%, increase in custodial revenue from the three months ended July 31, 2017 to the three months ended July 31, 2018 was primarily due to an increase in the yield on average custodial cash assets from 1.83% for the three months ended July 31, 2017 to 2.11% and an increase in average daily custodial cash assets of $1.0 billion, or 23%.

The $18.5 million, or 46%, increase in custodial revenue from the six months ended July 31, 2017 to the six months ended July 31, 2018 was primarily due to an increase in the yield on average custodial cash assets from 1.78% for the six months ended July 31, 2017 to 2.07% and an increase in average daily custodial cash assets of $1.0 billion, or 24%.

Custodial revenue per HSA Member increased by approximately 17% and 18% from the three and six months ended July 31, 2017 to the three and six months ended July 31, 2018 primarily due to the increase in the balances of and yield on average daily custodial cash assets. The increase in average daily custodial cash balances is due in part to the increase in HSA Members and the acquisitions of HSA portfolios.

Interchange revenue

The $2.6 million, or 21%, increase in interchange revenue from the three months ended July 31, 2017 to the three months ended July 31, 2018 was primarily due to an overall increase in the number of our HSA Members resulting in an overall increase in the volume of payment activity.

The $5.7 million, or 21%, increase in interchange revenue from the six months ended July 31, 2017 to the six months ended July 31, 2018 was primarily due to an overall increase in the number of our HSA Members resulting in an overall increase in the volume of payment activity.

Interchange revenue per HSA Member decreased by approximately 2% from the three and six months ended July 31, 2017 to the three and six months ended July 31, 2018, primarily due to a decrease in payment activity per HSA Member.

Total revenue

Total revenue per HSA Member increased by 1% from the three and six months ended July 31, 2017 to the three and six months ended July 31, 2018, due to the increase in custodial revenue per HSA Member, partially offset by the decreases in service and interchange revenue per HSA Member.

Cost of revenue

The following table sets forth our cost of revenue for the periods indicated:

(in thousands, except percentages)	Three months ended July 31,				Six months ended July 31,			
	2018	2017	$ Change	% Change	2018	2017	$ Change	% Change
Service costs	$ 17,199	$ 14,998	$ 2,201	15%	$ 35,246	$ 30,573	$ 4,673	15%
Custodial costs	3,502	2,785	717	26%	6,941	5,586	1,355	24%
Interchange costs	3,791	3,294	497	15%	7,853	6,598	1,255	19%
Total cost of revenue	$ 24,492	$ 21,077	$ 3,415	16%	$ 50,040	$ 42,757	$ 7,283	17%

The increase in costs described below were partially attributed to the HSA portfolio acquisitions and acquisition of a business that occurred during the year ended January 31, 2018.

Service costs

The $2.2 million, or 15%, increase in service costs from the three months ended July 31, 2017 to the three months ended July 31, 2018 was due to the higher volume of accounts being serviced**.** The $2.2 million increase includes increases of $1.4 million related to the hiring of additional personnel to implement and support our new Network Partners and HSA Members, activation and processing costs of $0.1 million related to account and card activation as well as monthly processing of statements and other communications, information and technology expenses of $0.4 million, and other expenses of $0.5 million. Service costs per HSA Member decreased by 7% from the three months ended July 31, 2017 to the three months ended July 31, 2018 due to a decrease in incremental expenses associated with fraud prevention measures.

The $4.7 million, or 15%, increase in service costs from the six months ended July 31, 2017 to the six months ended July 31, 2018 was due to the higher volume of accounts being serviced**.** The $4.7 million increase includes increases of $3.1 million related to the hiring of additional personnel to implement and support our new Network Partners and HSA Members, activation and processing costs of $0.5 million related to account and card activation as well as monthly processing of statements and other communications, information and technology expenses of $0.7 million, and other expenses of $0.8 million. Service costs per HSA Member decreased by 7% from the six months ended July 31, 2017 to the six months ended July 31, 2018 due to a decrease in incremental expenses associated with fraud prevention measures.

Custodial costs

The $0.7 million, or 26%, increase in custodial costs from the three months ended July 31, 2017 to the three months ended July 31, 2018 was due to an increase in average daily custodial cash assets, which increased from $4.4 billion for the three months ended July 31, 2017 to $5.5 billion for the three months ended July 31, 2018, partially offset by a decrease in custodial costs on average custodial cash assets from 0.25% for the three months ended July 31, 2017 to 0.24% for the three months ended July 31, 2018.

The $1.4 million, or 24%, increase in custodial costs from the six months ended July 31, 2017 to the six months ended July 31, 2018 was due to an increase in average daily custodial cash assets, which increased from $4.4 billion for the six months ended July 31, 2017 to $5.5 billion for the six months ended July 31, 2018, partially offset by a decrease in custodial costs on average custodial cash assets from 0.25% for the six months ended July 31, 2017 to 0.24% for the six months ended July 31, 2018.

Interchange costs

The $0.5 million, or 15%, and $1.3 million, or 19%, increase in interchange costs for the three and six months ended July 31, 2017 compared to the three and six months ended July 31, 2018 was due to an overall increase in payment activity, attributable to the growth in HSA Members.

As we continue to add HSA Members, our cost of revenue will increase in aggregate dollar amount to support our Network Partners and members. Cost of revenue will continue to be affected by a number of different factors, including our ability to scale our Member Education Center, Network Partner implementation and account management functions.

Operating expenses

The following table sets forth our operating expenses for the periods indicated:

(in thousands, except percentages)	Three months ended July 31, 2018	2017	$ Change	% Change	Six months ended July 31, 2018	2017	$ Change	% Change
Sales and marketing	$ 7,243	$ 5,194	$ 2,049	39%	$ 14,103	$ 9,815	$ 4,288	44%
Technology and development	8,398	6,797	1,601	24%	16,377	13,039	3,338	26%
General and administrative	7,893	6,234	1,659	27%	15,400	12,102	3,298	27%
Amortization of acquired intangible assets	1,478	1,082	396	37%	2,948	2,165	783	36%
Total operating expenses	$ 25,012	$ 19,307	$ 5,705	30%	$ 48,828	$ 37,121	$ 11,707	32%

Sales and marketing

The $2.0 million, or 39%, increase in sales and marketing expense from the three months ended July 31, 2017 to the three months ended July 31, 2018 was due to increased staffing and sales commissions of $0.6 million, stock-based compensation expense of $0.4 million, and increases in other expenses of $1.1 million.

The $4.3 million, or 44%, increase in sales and marketing expense from the six months ended July 31, 2017 to the six months ended July 31, 2018 was due to increased staffing and sales commissions of $1.4 million, stock-based compensation expense of $0.8 million, and increases in other expenses of $2.1 million.

Sales and marketing expense from the three and six months ended July 31, 2018 reflects the adoption of the new revenue recognition standard, ASC 606. As a result, we capitalize sales commissions and amortize these costs over the average economic life of an HSA Member, to sales and marketing expense in the condensed consolidated statement of operations. Our previous practice was to fully expense sales commissions when the HSA Member was added to our platform.

We expect our sales and marketing expenses to increase for the foreseeable future as we continue to increase the size of our sales and marketing organization and expand into new markets. On an annual basis, we expect our sales and marketing expenses to remain steady as a percentage of our total revenue over the near term. However, our sales and marketing expenses may fluctuate as a percentage of our total revenue from period to period due to the seasonality of our total revenue and the timing and extent of our sales and marketing expenses.

Technology and development

The $1.6 million, or 24%, increase in technology and development expense from the three months ended July 31, 2017 to the three months ended July 31, 2018 was due to increased personnel-related expense of $0.9 million, increases in technology-related expenses, and increased amortization, depreciation and stock-based compensation of $1.1 million, which were partially offset by decreases in professional fees and capitalized development of $0.3 million.

The $3.3 million, or 26%, increase in technology and development expense from the six months ended July 31, 2017 to the six months ended July 31, 2018 was due to increased personnel-related expense of $2.1 million, increases in technology-related expenses, and increased amortization, depreciation and stock-based compensation of $2.0 million, which were partially offset by decreases in professional fees of $0.7 million.

We expect our technology and development expenses to increase for the foreseeable future as we continue to invest in the development of our proprietary system. On an annual basis, we expect our technology and development expenses to increase as a percentage of our total revenue. Our technology and development expenses may fluctuate as a percentage of our total revenue from period to period due to the seasonality of our total revenue and the timing and extent of our technology and development expenses.

General and administrative

The $1.7 million, or 27%, increase in general and administrative expense from the three months ended July 31, 2017 to the three months ended July 31, 2018 was due to increased personnel-related expense of $0.9 million and increases in stock-based compensation of $0.8 million.

The $3.3 million, or 27%, increase in general and administrative expense from the six months ended July 31, 2017 to the six months ended July 31, 2018 was due to increased personnel-related expense of $1.5 million, increases in stock-based compensation of $1.4 million, and increased other expenses of $0.4 million.

We expect our general and administrative expenses to increase for the foreseeable future due to the additional demands on our legal, compliance, accounting, insurance, and investor relations functions that we continue to incur

as a public company, as well as other costs associated with continuing to grow our business. On an annual basis, we expect our general and administrative expenses to remain steady as a percentage of our total revenue. Our general and administrative expenses may fluctuate as a percentage of our total revenue from period to period due to the seasonality of our total revenue and the timing and extent of our general and administrative expenses.

Amortization of acquired intangible assets

The increase in amortization of acquired intangible assets for the three and six months ended July 31, 2018 compared to the three and six months ended July 31, 2017 was attributable to the HSA portfolio asset acquisitions and acquisition of a business that occurred during the year ended January 31, 2018, and the acquisition of the Mountain America Credit Union HSA portfolio which closed during the three months ended July 31, 2018.

Other expense, net

The change in other expense, net from the three and six months ended July 31, 2017 to the three and six months ended July 31, 2018 was due to the adoption of ASU 2016-01.

Income tax provision (benefit)

Income tax benefit for the three and six months ended July 31, 2018 was $1.0 million and $3.1 million as compared to $0.5 million and a tax provision of $1.3 million for the three and six months ended July 31, 2017. The change for the three and six months ended July 31, 2018 compared to the three and six months ended July 31, 2017 was primarily the result of the reduction in the US federal corporate income tax rate from 35% to 21% as a result of legislative changes effective January 1, 2018 and an increase in federal and state research and development tax credits.

Our effective income tax rate for the three and six months ended July 31, 2018 was a benefit of 4.8% and 7.3%, compared to a benefit of 3.0% and a provision of 4.1% for the three and six months ended July 31, 2017. The 1.8 and 11.4 percentage point decrease for the three and six months ended July 31, 2018 compared to the three and six months ended July 31, 2017 is primarily due to the reduction in the US federal corporate income tax rate from 35% to 21% as a result of legislative changes effective January 1, 2018 and an increase in federal and state research and development tax credits.

Seasonality

Seasonal concentration of our growth combined with our recurring revenue model create seasonal variation in our results of operations. A significant number of new and existing Network Partners bring us new HSA Members beginning in January of each year concurrent with the start of many employers' benefit plan years. Before we realize any revenue from these new HSA Members, we incur costs related to implementing and supporting our new Network Partners and new HSA Members. These costs of services relate to activating accounts and hiring additional staff, including seasonal help to support our member support center. These expenses begin to ramp up during our third fiscal quarter with the majority of expenses incurred in our fourth fiscal quarter.

In the past we have experienced higher operating expenses in our fourth fiscal quarter due to sales commissions for new accounts activated in January. Beginning February 1, 2018, the Company adopted ASU 2014-09, *Revenue from Contracts with Customers.* As a result of this adoption, the Company capitalizes incremental contract acquisition costs, such as sales commissions, and amortizes these costs over the average economic life of a member.

Liquidity and capital resources

Cash and marketable securities overview

As of July 31, 2018, our principal source of liquidity was our current cash and marketable securities balances, collections from our service, custodial and interchange revenue activities, and availability under our credit facility. We rely on cash provided by operating activities to meet our short-term liquidity requirements, which primarily relate to the payment of corporate payroll and other operating costs, and capital expenditures.

As of July 31, 2018 and January 31, 2018, cash, cash equivalents and marketable securities were $302.9 million and $240.3 million, respectively.

Capital resources

We have a "shelf" registration statement on Form S-3 on file with the SEC. This shelf registration statement, which includes a base prospectus, allows us at any time to offer any combination of securities described in the prospectus

in one or more offerings. Unless otherwise specified in a prospectus supplement accompanying the base prospectus, we would use the net proceeds from the sale of any securities offered pursuant to the shelf registration statement for general corporate purposes, including, but not limited to, working capital, sales and marketing activities, general and administrative matters and capital expenditures, and if opportunities arise, for the acquisition of, or investment in, assets, technologies, solutions or businesses that complement our business. Pending such uses, we may invest the net proceeds in interest-bearing securities. In addition, we may conduct concurrent or other financings at any time.

We have a secured credit facility of $100.0 million. The credit facility has a term of five years and expires on September 30, 2020. The credit facility contains covenants and events of default customary for facilities of this type. There were no borrowings under the facility as of July 31, 2018. We were in compliance with all covenants as of July 31, 2018.

Use of cash

Capital expenditures for the six months ended July 31, 2018 and 2017 were $7.4 million and $7.3 million, respectively. We expect our capital expenditures to increase for the remainder of the year ending January 31, 2019 as we continue to devote capital expenditures to improve the architecture and functionality of our proprietary system. Costs to improve the architecture of our proprietary system include computer hardware, personnel and related costs for software engineering and outsourced software engineering services. In addition, we plan to devote further resources to leasehold improvements and furniture and fixtures for our office space.

We believe our existing cash, cash equivalents and marketable securities will be sufficient to meet our operating and capital expenditure requirements for at least the next 12 months. To the extent these current and anticipated future sources of liquidity are insufficient to fund our future business activities and requirements, we may need to raise additional funds through public or private equity or debt financing. In the event that additional financing is required, we may not be able to raise it on favorable terms, if at all.

The following table shows our cash flows from operating activities, investing activities and financing activities for the stated periods:

	Six months ended July 31,	
(in thousands)	**2018**	**2017**
Net cash provided by operating activities	$ 52,640	$ 39,761
Net cash used in investing activities	(8,773)	(17,066)
Net cash provided by financing activities	18,469	7,072
Increase in cash and cash equivalents	62,336	29,767
Beginning cash and cash equivalents	199,472	139,954
Ending cash and cash equivalents	$ 261,808	$ 169,721

Cash flows provided by operating activities. Net cash provided by operating activities during the six months ended July 31, 2018 resulted primarily from our net income of $45.1 million, adjusted for the following non-cash items: depreciation and amortization of $8.9 million, stock-based compensation of $9.7 million, and changes in deferred taxes of $2.4 million, and changes in inventories, accrued liabilities, other long-term liabilities, and unrealized losses on marketable securities and other totaling $0.5 million. These items were offset by an increase in other assets of $7.0 million, a decrease in accrued compensation of $2.8 million resulting from the payment of bonuses and commissions subsequent to year-end, an increase in accounts receivable of $3.3 million, and an decrease in accounts payable of $0.8 million.

Net cash provided by operating activities during the six months ended July 31, 2017 resulted primarily from our net income of $31.0 million being adjusted for the following non-cash items: depreciation and amortization of $7.1 million, stock-based compensation of $6.8 million, a change in deferred taxes of $4.7 million impacted by the adoption of ASU 2016-09 and utilization of deferred tax benefits and changes in inventories, accrued liabilities, other long-term liabilities and amortization of deferred financing costs and other totaling $1.8 million. These items were offset by a decrease in accrued compensation of $2.2 million resulting from the payment of bonuses and commissions subsequent to year-end, an increase in accounts receivable of $3.9 million, an increase in other assets of $4.1 million, and a decrease in accounts payable of $1.5 million.

Cash flows used in investing activities. Net cash used in investing activities for the six months ended July 31, 2018 was primarily the result of the continued development of our proprietary system and other software necessary to support our continued account growth. Purchases of software and capitalized software development costs for the

six months ended July 31, 2018 were $4.7 million. This compares to purchases of software and capitalized software development costs of $5.2 million for the six months ended July 31, 2017. Our purchases of property and equipment increased from $2.2 million for the six months ended July 31, 2017 to $2.7 million for the six months ended July 31, 2018, primarily as a result of increases in tenant improvements. In addition, during the six months ended July 31, 2018, purchases of intangible member assets resulted in cash outflows of $1.0 million.

Cash flows provided by financing activities. Cash flow provided by financing activities during the six months ended July 31, 2018 resulted primarily from the proceeds associated with the exercise of stock options of $18.5 million compared to $7.1 million for the six months ended July 31, 2017.

Contractual obligations

There were no material changes, outside of the ordinary course of business, in our contractual obligations from those disclosed in our Annual Report on Form 10-K for the year ended January 31, 2018.

Off-balance sheet arrangements

During the three months ended July 31, 2018 and 2017, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements.

Critical accounting policies and significant management estimates

Our management's discussion and analysis of financial condition and results of operations are based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we evaluate our critical accounting policies and estimates. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable in the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Our significant accounting policies are more fully described in Note 1 of the accompanying unaudited condensed consolidated financial statements and in Note 1 to our audited consolidated financial statements contained in our Annual Report on Form 10-K for the year ended January 31, 2018. Other than the adoption of ASU 2014-09 and related subsequent amendments, *Revenue from Contracts with Customers*, described in Note 1 of the accompanying unaudited condensed consolidated financial statements, there have been no significant or material changes in our critical accounting policies during the six months ended July 31, 2018, as compared to those disclosed in "Management's discussion and analysis of financial condition and results of operations – Critical accounting policies and significant management estimates" in our Annual Report on Form 10-K for the year ended January 31, 2018.

Recent accounting pronouncements

See Note 1. Summary of business and significant accounting policies within the interim financial statements included in this Form 10-Q for further discussion.

Item 3. Qualitative and quantitative disclosures about market risk

Market risk

Concentration of market risk. We derive a substantial portion of our revenue from providing services to tax-advantaged healthcare account holders. A significant downturn in this market or changes in state and/or federal laws impacting the preferential tax treatment of healthcare accounts such as HSAs could have a material adverse effect on our results of operations. During the three and six months ended July 31, 2018, no one customer accounted for greater than 10% of our total revenue. We monitor market and regulatory changes regularly and make adjustments to our business if necessary.

Inflation. Inflationary factors may adversely affect our operating results. Althought we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of expenses as a percentage of revenue if our revenue does not correspondingly increase with inflation.

Concentration of credit risk

Financial instruments, which potentially subject us to concentrations of credit risk, consist primarily of cash, cash equivalents and marketable securities. We maintain our cash, cash equivalents and marketable securities in bank and other depository accounts, which, at times, may exceed federally insured limits. Our cash, cash equivalents and marketable securities as of July 31, 2018 were $302.9 million, of which $750,000 was covered by federal depository insurance. We have not experienced any material losses in such accounts and believe we are not exposed to any significant credit risk with respect to our cash, cash equivalents, and marketable securities. Our accounts receivable balance as of July 31, 2018 was $24.9 million. We have not experienced any significant write-offs to our accounts receivable and believe that we are not exposed to significant credit risk with respect to our accounts receivable. We continue to monitor our credit risk and place our cash, cash equivalents, and marketable securities with reputable financial institutions.

Interest rate risk

Custodial assets. As of July 31, 2018, we had custodial cash assets of approximately $5.5 billion. We have entered into depository agreements with financial institutions for our cash custodial assets. The contracted interest rates were negotiated at the time the depository agreements were executed. A significant reduction in prevailing market interest rates may make it difficult for us to continue to place custodial deposits at the current contracted rates.

Cash, cash equivalents and marketable securities. We consider all highly liquid investments purchased with an original maturity of three months or less to be unrestricted cash equivalents. Our unrestricted cash and cash equivalents are held in institutions in the U.S. and include deposits in a money market account that is unrestricted as to withdrawal or use. As of July 31, 2018, we had unrestricted cash and cash equivalents of $261.8 million. Due to the short-term nature of these instruments, we believe that we do not have any material exposure to changes in the fair value of our cash and cash equivalents as a result of changes in interest rates.

As of July 31, 2018, we had marketable securities of $41.1 million. Marketable securities are recorded at their estimated fair value. We do not enter into investments for trading or speculative purposes. Our marketable securities are exposed to market risk due to a fluctuation in interest rates, which may affect the fair market value of our marketable securities.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act means controls and other procedures of a company that are designed to ensure the information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures included, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II—Other Information

Item 1. Legal Proceedings

From time-to-time, we may be subject to various legal proceedings and claims that arise in the normal course of our business activities. As of the date of this Quarterly Report on Form 10-Q, we are not a party to any litigation whereby the outcome of such litigation, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our results of operations, cash flows, financial position or brand.

Item 1A. Risk factors

The risks described in “Risk factors,” in our Annual Report on Form 10-K for the year ended January 31, 2018 could materially and adversely affect our business, financial condition and results of operations. There have been no material changes in such risks. These risk factors do not identify all risks that we face - our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Unregistered Sale of Equity Securities

None.

(b) Use of Proceeds from Public Offering of Common Stock

On August 5, 2014, we closed our initial public offering of 10,465,000 shares of common stock sold by us. The offer and sale of all of the shares in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-196645), which was declared effective by the SEC on July 30, 2014. JP Morgan & Chase Co. and Wells Fargo acted as the lead underwriters. The public offering price of the shares sold in the offering was $14.00 per share. The total gross proceeds from the offering to us were $146.5 million. After deducting underwriting discounts and commissions of approximately $10.2 million and offering expenses payable by us of approximately $3.7 million, we received approximately $132.6 million. There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus (dated July 30, 2014) filed with the SEC on August 1, 2014 pursuant to Rule 424(b) of the Securities Act. We paid a previously declared cash dividend of $50.0 million on shares of our common stock outstanding on August 4, 2014. In addition, we paid a cash dividend of $347,000 on shares of our outstanding series D-3 redeemable convertible preferred stock accrued through the date of conversion of such shares into common stock, which occurred on August 4, 2014. Other than the foregoing dividends, we made no payments directly or indirectly to (i) any of our officers or directors or their associates, (ii) any persons owning 10% or more of any class of our equity securities, or (iii) any of our affiliates.

On May 11, 2015, we closed our public offering of 972,500 shares of common stock sold by us. The offer and sale of all of the shares in the public offering were registered under the Securities Act pursuant to registration statements on Form S-1 (File Nos. 333-203190 and 333-203888), which became effective on May 5, 2015. Wells Fargo acted as the lead underwriter. The public offering price of the shares sold in the offering was $25.90 per share. Certain selling stockholders sold 3,455,000 shares of common stock in the offering, including 380,000 shares of common stock which were issued upon the exercise of outstanding options. The Company received net proceeds of approximately $23.5 million after deducting underwriting discounts and commissions of approximately $1.0 million and other offering expenses payable by the Company of approximately $688,000. The Company did not receive any proceeds from the sale of shares by the selling stockholders other than $222,000 representing the exercise price of the options that were exercised by certain selling stockholders in connection with the offering. We paid all of the expenses related to the registration and offering of the shares sold by the selling stockholders, other than underwriting discounts and commissions relating to those shares. Other than these expenses, we made no payments directly or indirectly to (i) any of our officers or directors or their associates, (ii) any persons owning 10% or more of any class of our equity securities, or (iii) any of our affiliates. There has been no material change in the planned use of proceeds from our public offering as described in our final prospectus (dated May 5, 2015) filed with the SEC on May 6, 2015 pursuant to Rule 424(b) of the Securities Act.

During the year ended January 31, 2016, the Company used funds received from the offerings to acquire the rights to be the custodian of the Bancorp and M&T Bank HSA portfolios for approximately $34.2 million and approximately $6.2 million, respectively.

During the year ended January 31, 2018, the Company used funds received from the offerings to acquire the rights to be custodian of two HSA portfolios for approximately $6.4 million and $8.0 million in cash, respectively, the assets of BenefitGuard LLC, a 401(k) provider that offers plan administrator and named fiduciary services for 401(k) employer sponsors, for approximately $2.9 million, and the rights to be the sole administrator of a portfolio of HSA Members for $3.3 million.

During the three months ended July 31, 2018, the Company used funds received from the offerings to acquire the rights to be custodian of an HSA portfolio for approximately $1.0 million in cash.

The remainder of the funds received have been invested in registered money market accounts and mutual funds.

Item 6. Exhibits

		Incorporate by reference			
Exhibit no.	**Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**
3.1	Second Amended and Restated Certificate of Incorporation of the Company.	8-K	001-36568	3.1	July 6, 2018
3.2	Second Amended and Restated By-Laws of the Company.	8-K	001-36568	3.2	July 6, 2018
10.1+	Employment Agreement, dated June 21, 2018, by and between the Registrant and Ted Bloomberg.				
10.2+	Team Member Confidentiality and Non-Competition Agreement, dated June 21, 2018, by and between the Registrant and Ted Bloomberg.				
10.3+	Amendment to Executive Change in Control Severance Plan				
31.1+	Certification of the Principal Executive Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2+	Certification of the Principal Financial Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1*#	Certification of the Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
32.2*#	Certification of the Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS	XBRL Instance document				
101.SCH	XBRL Taxonomy schema linkbase document				
101.CAL	XBRL Taxonomy calculation linkbase document				
101.DEF	XBRL Taxonomy definition linkbase document				
101.LAB	XBRL Taxonomy labels linkbase document				
101.PRE	XBRL Taxonomy presentation linkbase document				

\+ Filed herewith.

* Furnished herewith.

\# These certifications are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference in any filing the registrant makes under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, irrespective of any general incorporation language in any filings.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: September 6, 2018

HEALTHEQUITY, INC.

By: /s/ Darcy Mott

Name: Darcy Mott

Title: Executive Vice President and Chief Financial Officer

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of this 15th day of May, 2018, by and between HealthEquity, Inc., a Delaware corporation (the "Company"), and Edward R. (Ted) Bloomberg ("Executive").

W I T N E S S E T H :

WHEREAS, the Company desires to employ Executive and to enter into this Agreement embodying the terms of such employment, and Executive desires to enter into this Agreement and to accept such employment, subject to the terms and provisions of this Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby agree as follows:

Section 1. Definitions.

(a) "Accrued Obligations" shall mean (i) all accrued but unpaid Base Salary through the date of termination of Executive's employment, (ii) any unpaid or unreimbursed expenses incurred in accordance with Section 7 hereof, and (iii) any benefits provided under the Company's employee benefit plans upon a termination of employment, in accordance with the terms contained therein.

(b) "Agreement" shall have the meaning set forth in the preamble hereto.

(c) "Annual Bonus" shall have the meaning set forth in Section 4(b) hereof.

(d) "Base Salary" shall mean the salary provided for in Section 4(a) hereof or any increased salary granted to Executive pursuant to Section 4(a) hereof.

(e) "Board" shall mean the Board of Directors of the Company.

(f) "Cause" shall mean (i) Executive's act(s) of gross negligence or willful misconduct in the course of Executive's employment hereunder, (ii) willful failure or refusal by Executive to perform in any material respect Executive's duties or responsibilities, (iii) misappropriation (or attempted misappropriation) by Executive of any assets or business opportunities of the Company or any other member of the Company Group, (iv) embezzlement or fraud committed (or attempted) by Executive, at Executive's direction, or with Executive's prior actual knowledge, (v) Executive's conviction of or pleading "guilty" or " no contest" to, (x) a felony or (y) any other criminal charge that has, or could be reasonably expected to have, an adverse impact on the performance of Executive's duties to the Company or any other member of the Company Group or otherwise result in material injury to the reputation or business of the Company or any other member of the Company Group, (vi) any material violation by Executive of the policies of the Company, including but not limited to those relating to sexual harassment or business conduct, and those otherwise set forth in the manuals or statements of policy of the Company, or (vii) Executive's material breach of this Agreement or breach of the Non-Interference Agreement.

If, within ninety (90) days subsequent to Executive's termination for any reason other than by the Company for Cause, the Company determines that Executive's employment could have been terminated for Cause pursuant to subparts (i), (iii), (iv), or (v) of the preceding paragraph (the "Post-Termination Cause Determination"), Executive's employment will be deemed to have been terminated for Cause for all purposes, and Executive will be required to disgorge to the Company all amounts received pursuant to this Agreement or otherwise on account of such termination that would not have been paid or payable to Executive had such termination been by the Company for Cause. Notwithstanding the foregoing, the Company may assert a Post-Termination Cause Determination if, and only if, the Board did not have actual knowledge of facts supporting its Post-Termination Cause Determination prior to the termination of Executive's employment.

(g) "COBRA" shall mean Part 6 of Title I of the Employee Retirement Income Security Act of 1974, as amended, and Section 4980B of the Code, and the rules and regulations promulgated under any of them.

(h) "Code" shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

(i) "Commencement Award" shall have the meaning set forth in Section 4(c) hereof.

(j) "Commencement Date" shall have the meaning set forth in Section 2 hereof.

(k) "Commencement Options" shall have the meaning set forth in Section 4(c) hereof.

(l) "Commencement RSUs" shall have the meaning set forth in Section 4(c) hereof.

(m) "Company" shall have the meaning set forth in the preamble hereto.

(n) "Company Group" shall mean the Company together with any direct or indirect subsidiaries of the Company.

(o) "Compensation Committee" shall mean the Board or the committee of the Board designated to make compensation decisions relating to senior executive officers of the Company Group.

(p) "Delay Period" shall have the meaning set forth in Section 13 hereof.

(q) "Disability" shall mean any physical or mental disability or infirmity of Executive that prevents the performance of Executive's duties for a period of (i) ninety (90) consecutive days or (ii) one hundred twenty (120) non-consecutive days during any twelve (12) month period. Any question as to the existence, extent, or potentiality of Executive's Disability upon which Executive and the Company cannot agree shall be determined by a qualified, independent physician selected and paid for by the Company and approved by Executive (which approval shall not be unreasonably withheld). The determination of any such physician shall be final and conclusive for all purposes of this Agreement.

(r) "Executive" shall have the meaning set forth in the preamble hereto.

(s) "Good Reason" shall mean, without Executive's consent, (i) a material diminution in Executive's title, duties, or responsibilities as set forth in Section 3 hereof such that Executive is no longer serving in a senior executive capacity for the Company, (ii) a material reduction in Base Salary set forth in Section 4(a) hereof or Annual Bonus opportunity set forth in Section 4(b) hereof (other than pursuant to an across-the-board reduction applicable to all similarly-situated executives as set forth in Section 4(a) hereof), (iii) the relocation of Executive's principal place of employment (as provided in Section 3(c) hereof) more than fifty (50) miles from its current location, or (iv) any other material breach of a provision of this Agreement by the Company (other than a provision that is covered by clause (i), (ii), or (iii) above). Executive acknowledges and agrees that Executive's exclusive remedy in the event of any breach of this Agreement shall be to assert Good Reason pursuant to the terms and conditions of Section 8(e) hereof. Notwithstanding the foregoing, during the Term, in the event that the Board reasonably believes that Executive may have engaged in conduct that could constitute Cause hereunder, the Board may, in its sole and absolute discretion, suspend Executive from performing Executive's duties hereunder, and in no event shall any such suspension constitute an event pursuant to which Executive may terminate employment with Good Reason or otherwise constitute a breach hereunder; *provided*, that no such suspension shall alter the Company's obligations under this Agreement during such period of suspension.

(t) "Non-Interference Agreement" shall mean the Confidentiality, Non-Interference, and Invention Assignment Agreement attached hereto as Exhibit A.

(u) "Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization, or other form of business entity.

(v) "Release of Claims" shall mean the Release of Claims in substantially the same form attached hereto as Exhibit B (as the same may be revised from time to time by the Company upon the advice of counsel).

(w) "Severance Benefits" shall have the meaning set forth in Section 8(g) hereof.

(x) "Severance Term" shall mean (i) prior to the twelve month anniversary of the Commencement Date, the eighteen month period following Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, and (ii) following the twelve month anniversary of the Commencement Date, the twelve month period following Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason.

(y) "Term" shall mean the period specified in Section 2 hereof.

Section 2. Acceptance and Term.

The Company agrees to employ Executive, and Executive agrees to serve the Company, on the terms and conditions set forth herein. The Term shall commence on the 2nd day of July 2018 (the "Commencement Date") and shall continue until terminated in accordance with the provisions of Section 8 hereof (the "Term").

Section 3. Position, Duties, and Responsibilities; Place of Performance.

(a) Position, Duties, and Responsibilities. During the Term, Executive shall be employed and serve as the Chief Operating Officer of the Company (together with such other position or positions consistent with Executive's title as the Chief Executive Officer shall specify from time to time) and shall have such duties and responsibilities commensurate with such title. Executive also agrees to serve as an officer and/or director of any other member of the Company Group, in each case without additional compensation. Executive shall report to the Chief Executive Officer.

(b) Performance. Executive shall devote Executive's full business time, attention, skill, and best efforts to the performance of Executive's duties under this Agreement and shall not engage in any other business or occupation during the Term, including, without limitation, any activity that (x) conflicts with the interests of the Company or any other member of the Company Group, (y) interferes with the proper and efficient performance of Executive's duties for the Company, or (z) interferes with Executive's exercise of judgment in the Company's best interests. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) serving, with the prior written consent of the Board, as a member of the boards of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of non-competing businesses and charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing Executive's personal investments and affairs; *provided*, *however*, that the activities set out in clauses (i), (ii), and (iii) shall be limited by Executive so as not to materially interfere, individually or in the aggregate, with the performance of Executive's duties and responsibilities hereunder or create a potential business or fiduciary conflict.

(c) Principal Place of Employment. Executive's principal place of employment shall be in Draper, Utah, although Executive understands and agrees that Executive may be required to travel from time to time for business reasons.

Section 4. Compensation.

During the Term, Executive shall be entitled to the following compensation:

(a) Base Salary. Executive shall be paid an annualized Base Salary, payable in accordance with the regular payroll practices of the Company, of not less than $400,000, with increases, if any, as may be approved in writing by the Compensation Committee; *provided*, *however*, that the foregoing shall not preclude the Company from reducing Executive's Base Salary as part of an across-the-board reduction applicable to all similarly-situated executives of the Company.

(b) Annual Bonus. Executive shall be eligible for an annual incentive bonus award determined by the Compensation Committee in respect of each fiscal year during the Term (the "Annual Bonus"). The target Annual Bonus for each fiscal year shall be 75% of Base Salary, with the actual Annual Bonus payable being based upon the level of achievement of annual Company and individual performance objectives for such fiscal year, as determined by the Compensation Committee and communicated to Executive in writing no later than ninety (90) days after the commencement of the fiscal year to which the Annual Bonus relates. The Annual Bonus shall be paid to Executive at the same time as annual bonuses are generally payable to other senior executives of the Company, subject to Executive's continuous employment through the payment date except as otherwise provided for in this Agreement.

(c) Equity Award. Subject to approval from the Compensation Committee, at the next scheduled meeting following the Commencement Date, the Company shall grant Executive any equity award with a fair market value as of the grant date equal to $1,750,000 (the "Commencement Award") under the Company's 2014 Equity Incentive Plan (the "Incentive Plan"), one-half of which shall be comprised of stock options to purchase shares of the Company's common stock (the "Commencement Options") and one-half of which shall be comprised of restricted stock units (the "Commencement RSUs"). Subject to Executive's continued employment with the Company through each applicable vesting date, twenty-five percent (25%) of the Commencement Options and Commencement RSUs granted will vest on each of the first four annual anniversaries of the Commencement Date. The Commencement Award shall be subject to the terms and conditions of the Incentive Plan and the Company's standard form of stock option agreement and restricted stock award agreement, as applicable.

(d) Relocation Benefits. Executive shall relocate to the vicinity of the Company's headquarters prior to the Commencement Date. The Company will pay Executive or reimburse Executive for (i) Executive's customary and reasonable moving and relocation expenses (e.g., expenses relating to the packing and moving of Executive and Executive's dependents' personal property and other expenses as mutually agreed) directly related to Executive's relocation to Utah, up to a maximum of $50,000, and (ii) a sell-side real estate agent fee paid in connection with the sale of Executive's primary residence located in the Kansas City metropolitan area in an amount up to 6% of the sale price of the residence but not to exceed $75,000, subject in each case, to Executive presenting to Company appropriate documentation and otherwise in accordance with Company's regular reimbursement policies. In addition, the Company shall reimburse employee for the reasonable cost of one house hunting trip prior to the Commencement Date for Executive and his family not to exceed $5,000 in the aggregate.

(e) Sign-on Bonus. On the Commencement Date, Executive shall be entitled to receive a special, one-time bonus equal to $200,000, such bonus to be paid on the first regularly scheduled payroll date following the Commencement Date.

Section 5. Employee Benefits.

During the Term, Executive shall be entitled to participate in health, insurance, retirement, and other benefits provided generally to similarly situated executives of the Company. Executive shall also be entitled to the same number of holidays, vacation days, and sick days, as well as any other benefits, in each case as are generally allowed to similarly situated executives of the Company in accordance with the Company policy as in effect from time to time. Nothing contained herein shall be construed to limit the Company's ability to amend, suspend, or terminate any employee benefit plan or policy at any time without providing Executive notice, and the right to do so is expressly reserved.

Section 6. Key-Man Insurance.

At any time during the Term, the Company shall have the right to insure the life of Executive for the sole benefit of the Company, in such amounts, and with such terms, as it may determine. All premiums payable thereon shall be the obligation of the Company. Executive shall have no interest in any such policy, but agrees to cooperate with the Company in procuring such insurance by submitting to physical examinations, supplying all information required by the insurance company, and executing all necessary documents, provided that no financial obligation is imposed on Executive by any such documents.

Section 7. Reimbursement of Business Expenses.

During the Term, the Company shall pay (or promptly reimburse Executive) for documented, out-of-pocket expenses reasonably incurred by Executive in the course of performing Executive's duties and responsibilities hereunder, which are consistent with the Company's policies in effect from time to time with respect to business expenses, subject to the Company's requirements with respect to reporting of such expenses.

Section 8. Termination of Employment.

(a) General. The Term shall terminate earlier than as provided in Section 2 hereof upon the earliest to occur of (i) Executive's death, (ii) a termination by reason of a Disability, (iii) a termination by the Company with or without Cause, and (iv) a termination by Executive with or without Good Reason. Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, Executive shall resign from any and all directorships, committee memberships, and any other positions Executive holds with the Company or any other member of the Company Group. Notwithstanding anything herein to the contrary, the payment (or commencement of a series of payments) hereunder of any "nonqualified deferred compensation" (within the meaning of Section 409A of the Code) upon a termination of employment shall be delayed until such time as Executive has also undergone a "separation from service" as defined in Treas. Reg. 1.409A-1(h), at which time such nonqualified deferred compensation (calculated as of the date of Executive's termination of employment hereunder) shall be paid (or commence to be paid) to Executive on the schedule set forth in this Section 8 as if Executive had undergone such termination of employment (under the same circumstances) on the date of Executive's ultimate "separation from service."

(b) Termination Due to Death or Disability. Executive's employment shall terminate automatically upon Executive's death. The Company may terminate Executive's employment immediately upon the occurrence of a Disability, such termination to be effective upon Executive's receipt of written notice of such termination. Upon Executive's death or in the event that Executive's employment is terminated due to Executive's Disability, Executive or Executive's estate or Executive's beneficiaries, as the case may be, shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect of any completed fiscal year that has ended prior to the date of such termination, if any, which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company, but in no event later than the date that is 2½ months following the last day of the fiscal year in which such termination occurred; and

(iii) Subject to achievement of the applicable performance objectives for the fiscal year of the Company in which Executive's termination occurs, as determined by the Compensation Committee, payment of the Annual Bonus that would otherwise have been earned in respect of the fiscal year in which such termination occurred, pro-rated to reflect the number of days Executive was employed during such fiscal year, such amount to be paid at the same time it would otherwise be paid to Executive had no termination occurred, but in no event later than the date that is 2½ months following the last day of the fiscal year of the Company in which such termination occurred.

Following Executive's death or a termination of Executive's employment by reason of a Disability, except as set forth in this Section 8(b), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Termination by the Company with Cause.

(i) The Company may terminate Executive's employment at any time with Cause, effective upon Executive's receipt of written notice of such termination, *provided* that, to be effective, such written notice must be provided to Executive within sixty (60) days of the Board having actual knowledge of the occurrence of such event and further provided that, with respect to any Cause termination relying on clause (ii), (vi), or (vii) of the definition of Cause set forth in Section 1(f) hereof, to the extent that such act or acts or failure or failures to act are curable, the Board shall provide Executive with written notice of the Company's intention to terminate Executive with Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination with Cause is based and to provide Executive with ten (10) days to cure the particular act or acts or failure or failures to act (the "Cure Period") and such termination shall be effective at the expiration of the Cure Period unless Executive has fully cured such act or acts or failure or failures to act that give rise to Cause during such Cure Period.

(ii) In the event that the Company terminates Executive's employment with Cause, Executive shall be entitled only to the Accrued Obligations. Following such termination of Executive's employment with Cause, except as set forth in this Section 8(c)(ii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d) Termination by the Company without Cause. The Company may terminate Executive's employment at any time without Cause, effective upon Executive's receipt of written notice of such termination. In the event that Executive's employment is terminated by the Company without Cause (other than due to death or Disability), Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect of any completed fiscal year that has ended prior to the date of such termination, which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company, but in no event later than the date that is 2½ months following the last day of the fiscal year in which such termination occurred;

(iii) Subject to achievement of the applicable performance objectives for the fiscal year of the Company in which Executive's termination occurs, as determined by the Compensation Committee, payment of the Annual Bonus that would otherwise have been earned in respect of the fiscal year in which such termination occurred, pro-rated to reflect the number of days Executive was employed during such fiscal year, such amount to be paid at the same time it would otherwise be paid to Executive had no termination occurred, but in no event later than the date that is 2½ months following the last day of the fiscal year of the Company in which such termination occurred;

(iv) Continued payment of Base Salary during the Severance Term, payable in accordance with the Company's regular payroll practices;

(v) Notwithstanding any provision to the contrary in any stock option agreement or any equity plan maintained by the Company, all stock options held by Executive as of the date of Executive's termination of employment shall remain exercisable until the earlier to occur of (a) the expiration date of such stock option and (b) the twelve (12) month anniversary of Executive's termination; and

(vi) To the extent permitted by applicable law without any penalty to Executive or any member of the Company Group and subject to Executive's election of COBRA continuation coverage under the Company's group health plan, on the first regularly scheduled payroll date of each month of the Severance Term, the Company will pay Executive an amount equal to the "applicable percentage" of the monthly COBRA premium cost; *provided*, that the payments pursuant to this clause (vi) shall cease earlier than the expiration of the Severance Term in the event that Executive becomes eligible to receive any health benefits, including through a spouse's employer, during the Severance Term. For purposes hereof, the "applicable percentage" shall be the percentage of Executive's health care premium costs covered by the Company as of the date of termination. Amounts paid by the Company will be taxable to the extent required to avoid adverse consequences to Executive or the Company under either Section 105(h) of the Code or the Patient Protection and Affordable Care Act of 2010.

Notwithstanding the foregoing, the payments and benefits described in clauses (ii), (iii), (iv), (v) and (vi) above shall immediately terminate, and the Company shall have no further obligations to Executive with respect thereto, in the event that Executive breaches any provision of the Non-Interference Agreement. Following such termination of Executive's employment by the Company without Cause, except as set forth in this Section 8(d), Executive shall have no further rights to any compensation or any other benefits under this Agreement. For the avoidance of doubt, Executive's sole and exclusive remedy upon a termination of employment by the Company without Cause shall be receipt of the Severance Benefits.

(e) Termination by Executive with Good Reason. Executive may terminate Executive's employment with Good Reason by providing the Company written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within sixty (60) days of the occurrence of such event. Said notice shall state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Good Reason is based and shall provide the Company with a Cure Period (as defined in Section 8(c)(i) above), and such termination shall be effective at the expiration of the Cure Period unless the Company has fully cured such act or acts or failure or failures to act that give rise to Good Reason during such Cure Period. In the event of termination with Good Reason, Executive shall be entitled to the same payments and benefits as provided in Section 8(d) hereof for a termination by the Company without Cause, subject to the same conditions on payment and benefits as described in Section 8(d) hereof. Following such termination of Executive's employment by Executive with Good Reason, except as set forth in this Section 8(e), Executive shall have no further rights to any compensation or any other benefits under this Agreement. For the avoidance of doubt, Executive's sole and exclusive remedy upon a termination of employment with Good Reason shall be receipt of the Severance Benefits.

(f) Termination by Executive without Good Reason. Executive may terminate Executive's employment without Good Reason by providing the Company thirty (30) days' written notice of such termination. In the event of a termination of employment by Executive under this Section 8(f), Executive shall be entitled only to the Accrued Obligations. In the event of termination of Executive's employment under this Section 8(f), the Company may, in its sole and absolute discretion, by written notice accelerate such date of termination without changing the characterization of such termination as a termination by Executive

without Good Reason. Following such termination of Executive's employment by Executive without Good Reason, except as set forth in this Section 8(f), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(g) Release. Notwithstanding any provision herein to the contrary, the payment of any amount or provision of any benefit pursuant to subsection (b), (d), or (e) of this Section 8 (other than the Accrued Obligations) (collectively, the "Severance Benefits") shall be conditioned upon Executive's execution, delivery to the Company, and non-revocation of the Release of Claims (and the expiration of any revocation period contained in such Release of Claims) within sixty (60) days following the date of Executive's termination of employment hereunder. If Executive fails to execute the Release of Claims in such a timely manner so as to permit any revocation period to expire prior to the end of such sixty (60) day period, or timely revokes Executive's acceptance of such release following its execution, Executive shall not be entitled to any of the Severance Benefits. Further, (i) to the extent that any of the Severance Benefits constitutes "nonqualified deferred compensation" for purposes of Section 409A of the Code, any payment of any amount or provision of any benefit otherwise scheduled to occur prior to the sixtieth (60^{th}) day following the date of Executive's termination of employment hereunder, but for the condition on executing the Release of Claims as set forth herein, shall not be made until the first regularly scheduled payroll date following such sixtieth (60^{th}) day and (ii) to the extent that any of the Severance Benefits do not constitute "nonqualified deferred compensation" for purposes of Section 409A of the Code, any payment of any amount or provision of any benefit otherwise scheduled to occur following the date of Executive's termination of employment hereunder, but for the condition on executing the Release of Claims as set forth herein, shall not be made until the first regularly scheduled payroll date following the date the Release of Claims is timely executed and the applicable revocation period has ended, after which, in each case, any remaining Severance Benefits shall thereafter be provided to Executive according to the applicable schedule set forth herein. For the avoidance of doubt, in the event of a termination due to Executive's death or Disability, Executive's obligations herein to execute and not revoke the Release of Claims may be satisfied on Executive's behalf by Executive's estate or a person having legal power of attorney over Executive's affairs.

Section 9. Non-Interference Agreement.

As a condition of, and prior to commencement of, Executive's employment with the Company, Executive shall have executed and delivered to the Company the Non-Interference Agreement. The parties hereto acknowledge and agree that this Agreement and the Non-Interference Agreement shall be considered separate contracts, and the Non-Interference Agreement will survive the termination of this Agreement for any reason.

Section 10. Representations and Warranties of Executive.

Executive represents and warrants to the Company that—

(a) Executive is entering into this Agreement voluntarily and that Executive's employment hereunder and compliance with the terms and conditions hereof will not conflict with or result in the breach by Executive of any agreement to which Executive is a party or by which Executive may be bound;

(b) Executive has not violated, and in connection with Executive's employment with the Company will not violate, any non-solicitation, non-competition, or other similar covenant or agreement of a prior employer by which Executive is or may be bound; and

(c) in connection with Executive's employment with the Company, Executive will not use any confidential or proprietary information Executive may have obtained in connection with employment with any prior employer.

Section 11. Taxes.

The Company may withhold from any payments made under this Agreement all applicable taxes, including, but not limited to, income, employment, and social insurance taxes, as shall be required by law. Executive acknowledges and represents that the Company has not provided any tax advice to Executive in connection with this Agreement and that Executive has been advised by the Company to seek tax advice from Executive's own tax advisors regarding this Agreement and payments that may be made to Executive pursuant to this Agreement, including specifically, the application of the provisions of Section 409A of the Code to such payments.

Section 12. Set Off; Mitigation.

The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall be subject to set-off, counterclaim, or recoupment of amounts owed by Executive to any member of the Company Group; *provided*, however, that prior to exercising any right of set-off, counterclaim, or recoupment, the Company shall provide Executive with written notice setting forth, in detail, the facts on which it relies to support its claim of set-off, counterclaim, or recoupment and further provided that to the extent any amount so subject to set-off, counterclaim, or recoupment is payable in installments hereunder, such set-off, counterclaim, or recoupment shall not modify the applicable payment date of any installment, and to the extent an obligation cannot be satisfied by reduction of a single installment payment, any portion not satisfied shall remain an outstanding obligation of Executive and shall be applied to the next installment only at such time the installment is otherwise payable pursuant to the specified payment schedule. Executive shall not be required to mitigate the amount of any payment or benefit provided pursuant to this Agreement by seeking other employment or otherwise, and except as provided in Section 8(d)(vi)

hereof, the amount of any payment or benefit provided for pursuant to this Agreement shall not be reduced by any compensation earned as a result of Executive's other employment or otherwise.

Section 13. Additional Section 409A Provisions.

Notwithstanding any provision in this Agreement to the contrary—

(a) Any payment otherwise required to be made hereunder to Executive at any date as a result of the termination of Executive's employment shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a)(2)(B)(i) of the Code (the "Delay Period"). On the first business day following the expiration of the Delay Period, Executive shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence, and any remaining payments not so delayed shall continue to be paid pursuant to the payment schedule set forth herein.

(b) Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

(c) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code), (i) any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; *provided*, that the foregoing clause (iii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

(d) While the payments and benefits provided hereunder are intended to be structured in a manner to avoid the implication of any penalty taxes under Section 409A of the Code, in no event whatsoever shall the Company or any of its affiliates (including, without limitation, the Company) be liable for any additional tax, interest, or penalties that may be imposed on Executive as a result of Section 409A of the Code or any damages for failing to comply with Section 409A of the Code (other than for withholding obligations or other obligations applicable to employers, if any, under Section 409A of the Code).

Section 14. Golden Parachute Tax Provision.

If there is a change in ownership or control of the Company that would cause any payment or distribution by the Company or any other Person or entity to Executive or for Executive's benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") to be subject to the excise tax imposed by Section 4999 of the Code (such excise tax, together with any interest or penalties incurred by Executive with respect to such excise tax, the "Excise Tax"), then Executive will receive the greatest of the following, whichever gives Executive the highest net after-tax amount (after taking into account federal, state, local and social security taxes): (a) the Payments or (b) one dollar less than the amount of the Payments that would subject Executive to the Excise Tax (the "Safe Harbor Amount"). If a reduction in the Payments is necessary so that the Payments equal the Safe Harbor Amount and none of the Payments constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code), then the reduction shall occur in the manner Executive elects in writing prior to the date of payment. If any Payment constitutes nonqualified deferred compensation or if Executive fails to elect an order, then the Payments to be reduced will be determined in a manner which has the least economic cost to Executive and, to the extent the economic cost is equivalent, will be reduced in the inverse order of when payment would have been made to Executive, until the reduction is achieved. All determinations required to be made under this Section 14, including whether and when the Safe Harbor Amount is required and the amount of the reduction of the Payments and the assumptions to be utilized in arriving at such determination, shall be made by a certified public accounting firm designated by the Company (the "Accounting Firm"). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon Company and Executive.

Section 15. Clawback.

All payments made pursuant to this Agreement are subject to the "clawback" obligations of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Act, as may be amended from time to time, and any other "clawback" obligations pursuant to applicable law, rules, and regulations.

Section 16. Indemnification.

Executive shall be indemnified and held harmless pursuant to the terms and conditions set forth in an Indemnification Agreement in substantially the same form as provided to other officers and directors of the Company.

Section 17. Successors and Assigns; No Third-Party Beneficiaries.

(a) The Company. This Agreement shall inure to the benefit of the Company and its respective successors and assigns. Neither this Agreement nor any of the rights, obligations, or interests arising hereunder may be assigned by the Company to a Person (other than another member of the Company Group, or its or their respective successors) without Executive's prior written consent (which shall not be unreasonably withheld, delayed, or conditioned); *provided*, however, that in the event of a sale of all or substantially all of the assets of the Company or any direct or indirect division or subsidiary thereof to which Executive's employment primarily relates, the Company may provide that this Agreement will be assigned to, and assumed by, the acquiror of such assets, it being agreed that in such circumstances, Executive's consent will not be required in connection therewith.

(b) Executive. Executive's rights and obligations under this Agreement shall not be transferable by Executive by assignment or otherwise, without the prior written consent of the Company; *provided*, *however*, that if Executive shall die, all amounts then payable to Executive hereunder shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee, or other designee, or if there be no such designee, to Executive's estate.

(c) No Third-Party Beneficiaries. Except as otherwise set forth in Section 8(b) or Section 17(b) hereof, nothing expressed or referred to in this Agreement will be construed to give any Person other than the Company, the other members of the Company Group, and Executive any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement.

Section 18. Waiver and Amendments.

Any waiver, alteration, amendment, or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by each of the parties hereto; *provided*, *however*, that any such waiver, alteration, amendment, or modification must be consented to on the Company's behalf by the Board. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

Section 19. Severability.

If any covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction, (a) the remaining terms and provisions hereof shall be unimpaired, and (b) the invalid or unenforceable term or provision hereof shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision hereof.

Section 20. Governing Law and Jurisdiction.

EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THE VALIDITY, INTERPRETATION, CONSTRUCTION, AND PERFORMANCE OF THIS AGREEMENT IS GOVERNED BY AND IS TO BE CONSTRUED UNDER THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE, WITHOUT REGARD TO CONFLICT OF LAWS RULES. ANY DISPUTE OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR CLAIM OF BREACH HEREOF SHALL BE BROUGHT EXCLUSIVELY IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE, TO THE EXTENT FEDERAL JURISDICTION EXISTS, AND IN ANY COURT SITTING IN SALT LAKE CITY, UTAH, BUT ONLY IN THE EVENT FEDERAL JURISDICTION DOES NOT EXIST, AND ANY APPLICABLE APPELLATE COURTS. BY EXECUTION OF THIS AGREEMENT, THE PARTIES HERETO, AND THEIR RESPECTIVE AFFILIATES, CONSENT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS, AND WAIVE ANY RIGHT TO CHALLENGE JURISDICTION OR VENUE IN SUCH COURT WITH REGARD TO ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY TO THIS AGREEMENT ALSO HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

Section 21. Notices.

(a) Place of Delivery. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom or which it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; *provided*, that unless and until some other address be so designated, all notices and communications by Executive to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices and communications by the Company to Executive may be given to Executive personally or may be mailed to Executive at Executive's last known address, as reflected in the Company's records.

(b) Date of Delivery. Any notice so addressed shall be deemed to be given or received (i) if delivered by hand, on the date of such delivery, (ii) if mailed by courier or by overnight mail, on the first business day following the date of such mailing, and (iii) if mailed by registered or certified mail, on the third business day after the date of such mailing.

Section 22. Section Headings.

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof or affect the meaning or interpretation of this Agreement or of any term or provision hereof.

Section 23. Entire Agreement.

This Agreement, together with any exhibits attached hereto, constitutes the entire understanding and agreement of the parties hereto regarding the employment of Executive. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings, and agreements between the parties relating to the subject matter of this Agreement.

Section 24. Survival of Operative Sections.

Upon any termination of Executive's employment, the provisions of Section 8 through 25 of this Agreement (together with any related definitions set forth in Section 1 hereof) shall survive to the extent necessary to give effect to the provisions thereof.

Section 25. Counterparts.

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual signature or by signature delivered by facsimile or by e-mail as a portable document format (.pdf) file or image file attachment.

* * *

[Signatures to appear on the following page(s).]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

HEALTHEQUITY, INC.

_____
By:
Title:

EXECUTIVE

_____
Edward R. Bloomberg

Exhibit A

CONFIDENTIALITY, NON-INTERFERENCE, AND INVENTION ASSIGNMENT AGREEMENT

As a condition of my becoming employed by, or continuing employment with, HealthEquity, Inc., a Delaware corporation (the "Company"), and in consideration of my employment with the Company and my receipt of the compensation now and hereafter paid to me by the Company, I agree to the following terms set forth in this Confidentiality, Non-Interference, and Invention Assignment Agreement (this "Non-Interference Agreement"):

Section 1. Confidential Information.

(a) Company Group Information. I acknowledge that, during the course of my employment, I will have access to information about the Company and its direct and indirect subsidiaries and affiliates (collectively, the "Company Group") and that my employment with the Company shall bring me into close contact with confidential and proprietary information of any member of the Company Group. In recognition of the foregoing, I agree, at all times during the term of my employment with the Company and thereafter, to hold in confidence, and not to use, except for the benefit of any member of the Company Group, or to disclose to any person, firm, corporation, or other entity without written authorization of the Company, any Confidential Information that I obtain or create. I further agree not to make copies of such Confidential Information except as authorized by the Company. I understand that "Confidential Information" means information that any member of the Company Group has developed, acquired, created, compiled, discovered, or owned or will develop, acquire, create, compile, discover, or own, that has value in or to the business of any member of the Company Group that is not generally known and that the Company wishes to maintain as confidential. I understand that Confidential Information includes, but is not limited to, any and all non-public information that relates to the actual or anticipated business and/or products, research, or development of the Company, or to the Company's

technical data, trade secrets, or know-how, including, but not limited to, research, product plans, or other information regarding the Company's products or services and markets, customer lists, and customers (including, but not limited to, customers of the Company on whom I called or with whom I may become acquainted during the term of my employment), software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances, and other business information disclosed by the Company either directly or indirectly in writing, orally, or by drawings or inspection of premises, parts, equipment, or other Company property. Notwithstanding the foregoing, Confidential Information shall not include (i) any of the foregoing items that have become publicly and widely known through no unauthorized disclosure by me or others who were under confidentiality obligations as to the item or items involved, or (ii) any information that I am required to disclose to, or by, any governmental or judicial authority; *provided*, *however*, that in such event I will give the Company prompt written notice thereof so that any member of the Company Group may seek an appropriate protective order and/or waive in writing compliance with the confidentiality provisions of this Non-Interference Agreement.

(b) Former Employer Information. I represent that my performance of all of the terms of this Non-Interference Agreement as an employee of the Company has not breached and will not breach any agreement to keep in confidence proprietary information, knowledge, or data acquired by me in confidence or trust prior or subsequent to the commencement of my employment with the Company, and I will not disclose to any member of the Company Group, or induce any member of the Company Group to use, any developments, or confidential or proprietary information or material I may have obtained in connection with employment with any prior employer in violation of a confidentiality agreement, nondisclosure agreement, or similar agreement with such prior employer.

(c) Third Party Information. I understand that the Company Group has received and in the future may receive from third parties confidential or proprietary information ("Third Party Information") subject to a duty on the Company Group's part to maintain the confidentiality of such information and to use it only for certain limited purposes. In recognition of the foregoing, I agree, at all times during the period of my employment with the Company (the "Employment Period") and thereafter, to hold in confidence and will not disclose to anyone (other than Company Group personnel who need to know such information in connection with their work for the Company Group), and not to use, except for the benefit of the Company Group, Third Party Information without the express prior written consent of an officer of the Company and otherwise treat Third Party Information as Confidential Information.

(d) Whistleblower; Defend Trade Secrets Act Disclosure.

(i) In addition, I understand that nothing in this Agreement shall be construed to prohibit me from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body.

(ii) I understand that the Defend Trade Secrets Act provides that I may not be held criminally or civilly liable under any Federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In the event that I file a lawsuit for retaliation by any member of the Company Group for reporting a suspected violation of law, I may disclose the trade secret to my attorney and use the trade secret information in the court proceeding, if I file any document containing the trade secret under seal and do not disclose the trade secret, except pursuant to court order.

Section 2. Developments.

(a) Developments Retained and Licensed. I have attached hereto, as Schedule A, a list describing with particularity all developments, original works of authorship, improvements, and trade secrets that I can demonstrate were created or owned by me prior to the commencement of my employment (collectively referred to as "Prior Developments"), which belong solely to me or belong to me jointly with another, that relate in any way to any of the actual or proposed businesses, products, or research and development of any member of the Company Group, and that are not assigned to the Company hereunder, or if no such list is attached, I represent that there are no such Prior Developments. If, during any period during which I perform or performed services for any member of the Company Group both before or after the date hereof (the "Assignment Period"), whether as an officer, employee, director, independent contractor, consultant, or agent, or in any other capacity, I incorporate (or have incorporated) into any member of the Company Group's product or process a Prior Development owned by me or in which I have an interest, I hereby grant each member of the Company Group, and each member of the Company Group shall have, a non-exclusive, royalty-free, irrevocable, perpetual, transferable worldwide license (with the right to sublicense) to make, have made, copy, modify, make derivative works of, use, sell, and otherwise distribute such Prior Development as part of or in connection with such product or process.

(b) Assignment of Developments. I agree that I will, without additional compensation, promptly make full written disclosure to the Company, and will hold in trust for the sole right and benefit of the Company all developments, original works of authorship, inventions, concepts, know-how, improvements, trade secrets, and similar proprietary rights, whether or not patentable or registrable under copyright or similar laws, which I may solely or jointly conceive or develop or reduce to practice, or have solely or jointly conceived or developed or reduced to practice, or have caused or may cause to be conceived or developed or

reduced to practice, during the Assignment Period, whether or not during regular working hours, provided they either (i) relate at the time of conception, development or reduction to practice to the business of any member of the Company Group, or the actual or anticipated research or development of any member of the Company Group; (ii) result from or relate to any work performed for any member of the Company Group; or (iii) are developed through the use of equipment, supplies, or facilities of any member of the Company Group, or any Confidential Information, or in consultation with personnel of any member of the Company Group (collectively referred to as "Developments"). I further acknowledge that all Developments made by me (solely or jointly with others) within the scope of and during the Assignment Period are "works made for hire" (to the greatest extent permitted by applicable law) for which I am, in part, compensated by my salary, unless regulated otherwise by law, but that, in the event any such Development is deemed not to be a work made for hire, I hereby assign to the Company, or its designee, all my right, title, and interest throughout the world in and to any such Development. If any Developments cannot be assigned, I hereby grant to each member of the Company Group an exclusive, assignable, irrevocable, perpetual, worldwide, sublicenseable (through one or multiple tiers), royalty-free, unlimited license to use, make, modify, sell, offer for sale, reproduce, distribute, create derivative works of, publicly perform, publicly display and digitally perform and display such work in any media now known or hereafter known. Outside the scope of my service, whether during or after my employment with any member of the Company Group, I agree not to (i) modify, adapt, alter, translate, or create derivative works from any such work of authorship or (ii) merge any such work of authorship with other Developments. To the extent rights related to paternity, integrity, disclosure and withdrawal (collectively, "Moral Rights") may not be assignable under applicable law and to the extent the following is allowed by the laws in the various countries where Moral Rights exist, I hereby irrevocably waive such Moral Rights and consent to any action of any member of the Company Group that would violate such Moral Rights in the absence of such consent.

(c) Maintenance of Records. I agree to keep and maintain adequate and current written records of all Developments made by me (solely or jointly with others) during the Assignment Period. The records may be in the form of notes, sketches, drawings, flow charts, electronic data or recordings, and any other format. The records will be available to and remain the sole property of any member of the Company Group at all times. I agree not to remove such records from the Company's place of business except as expressly permitted by Company Group policy, which may, from time to time, be revised at the sole election of such member of the Company Group for the purpose of furthering the business of such member of the Company Group.

(d) Intellectual Property Rights. I agree to assist the Company, or its designee, at the Company's expense, in every way to secure the rights of each member of the Company Group in the Developments and any copyrights, patents, trademarks, service marks, database rights, domain names, mask work rights, moral rights, and other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, recordations, and all other instruments that the Company shall deem necessary in order to apply for, obtain, maintain, and transfer such rights and in order to assign and convey to each member of the Company Group the sole and exclusive right, title, and interest in and to such Developments, and any intellectual property and other proprietary rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the Assignment Period until the expiration of the last such intellectual property right to expire in any country of the world; *provided, however*, the Company shall reimburse me for my reasonable expenses incurred in connection with carrying out the foregoing obligation. If the Company is unable because of my mental or physical incapacity or unavailability for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Developments or original works of authorship assigned to the Company as above, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact to act for and in my behalf and stead to execute and file any such applications or records and to do all other lawfully permitted acts to further the application for, prosecution, issuance, maintenance, and transfer of letters patent or registrations thereon with the same legal force and effect as if originally executed by me. I hereby waive and irrevocably quitclaim to the Company any and all claims, of any nature whatsoever, that I now or hereafter have for past, present, or future infringement of any and all proprietary rights assigned to the Company.

Section 3. Returning Company Group Documents.

I agree that, at the time of termination of my employment with the Company for any reason, I will deliver to the Company (and will not keep in my possession, recreate, or deliver to anyone else) any and all Confidential Information and all other documents, materials, information, and property developed by me pursuant to my employment or otherwise belonging to the Company. I agree further that any property situated on the Company's premises and owned by the Company (or any other member of the Company Group), including disks and other storage media, filing cabinets, and other work areas, is subject to inspection by personnel of any member of the Company Group at any time with or without notice.

Section 4. Disclosure of Agreement.

As long as it remains in effect, I will disclose the existence of this Non-Interference Agreement to any prospective employer, partner, co-venturer, investor, or lender prior to entering into an employment, partnership, or other business relationship with such person or entity.

Section 5. Restrictions on Interfering.

(a) Non-Competition. During the Employment Period and the Post-Termination Non-Compete Period, I shall not, directly or indirectly, individually or on behalf of any person, company, enterprise, or entity, or as a sole proprietor, partner, stockholder, director, officer, principal, agent, or executive, or in any other capacity or relationship, engage in any Competitive Activities or own any securities (debt or equity) in any person, company, enterprise, or entity that is engaged in Competitive Activities, within the United States or any other jurisdiction in which the Company Group is actively engaged in business. Notwithstanding the foregoing, my ownership of securities of a public company engaged in Competitive Activities not in excess of three percent (3%) of any class of such securities shall not be considered a breach of the covenants set forth in this Section.

(b) Non-Interference. During the Employment Period and the Post-Termination Non-Interference Period, I shall not, directly or indirectly for my own account or for the account of any other individual or entity, engage in Interfering Activities.

(c) Definitions. For purposes of this Non-Interference Agreement :

(i) "Business Relation" shall mean any current or prospective client, customer, licensee, or other business relation of any member of the Company Group, or any such relation that was a client, customer, licensee, supplier, or other business relation within the six (6) month period prior to the expiration of the Employment Period, in each case, to whom I provided services, or with whom I transacted business, or whose identity became known to me in connection with my relationship with or employment by the Company Group.

(ii) "Competitive Activities" shall mean consumer health care related businesses, including the business of acting as custodian or administrator for medical payment reimbursement accounts, including, but not limited to, health savings accounts, flexible spending accounts and health reimbursement accounts or any business activities in which any member of the Company Group is engaged (or has committed plans to engage) during the Employment Period.

(iii) "Interfering Activities" shall mean (A) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induce, any Person employed by, or providing consulting services to, any member of the Company Group to terminate such Person's employment or services (or in the case of a consultant, materially reducing such services) with any member of the Company Group; (B) hiring any individual who was employed by any member of the Company Group within the six (6) month period prior to the date of such hiring; or (C) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induce, any Business Relation to cease doing business with or reduce the amount of business conducted with any member of the Company Group, or in any way interfering with the relationship between any such Business Relation and any member of the Company Group.

(iv) "Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization, or other form of business entity.

(v) "Post-Termination Non-Compete Period" shall mean the period commencing on the date of the termination of the Employment Period for any reason and ending on the twelve (12) month anniversary of such date of termination.

(vi) "Post-Termination Non-Interference Period" shall mean the period commencing on the date of the termination of the Employment Period for any reason and ending on the twenty-four (24) month anniversary of such date of termination.

(d) Non-Disparagement. I agree that during the Employment Period, and at all times thereafter, I will not make any disparaging or defamatory comments regarding any member of the Company Group or its respective current or former directors, officers, employees or shareholders in any respect or make any comments concerning any aspect of my relationship with any member of the Company Group or any conduct or events which precipitated any termination of my employment from any member of the Company Group. However, my obligations under this subparagraph (d) shall not apply to disclosures required by applicable law, regulation, or order of a court or governmental agency.

Section 6. Reasonableness of Restrictions.

I acknowledge and recognize the highly competitive nature of the Company's business, that access to Confidential Information renders me special and unique within the Company's industry, and that I will have the opportunity to develop substantial relationships with existing and prospective clients, accounts, customers, consultants, contractors, investors, and strategic partners of any member of the Company Group during the course of and as a result of my employment with the Company. In light of the foregoing, I recognize and acknowledge that the restrictions and limitations set forth in this Non-Interference Agreement are reasonable and valid in geographical and temporal scope and in all other respects and are essential to protect the value of the business and assets of any member of the Company Group. I acknowledge further that the restrictions and limitations set forth in this Non-Interference Agreement will not materially interfere with my ability to earn a living following the termination of my employment with the Company and that my ability to earn a livelihood without violating such restrictions is a material condition to my employment with the Company.

Section 7. Independence; Severability; Blue Pencil.

Each of the rights enumerated in this Non-Interference Agreement shall be independent of the others and shall be in addition to and not in lieu of any other rights and remedies available to any member of the Company Group at law or in equity. If

any of the provisions of this Non-Interference Agreement or any part of any of them is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of this Non-Interference Agreement, which shall be given full effect without regard to the invalid portions. If any of the covenants contained herein are held to be invalid or unenforceable because of the duration of such provisions or the area or scope covered thereby, I agree that the court making such determination shall have the power to reduce the duration, scope, and/or area of such provision to the maximum and/or broadest duration, scope, and/or area permissible by law, and in its reduced form said provision shall then be enforceable.

Section 8. Injunctive Relief.

I expressly acknowledge that any breach or threatened breach of any of the terms and/or conditions set forth in this Non-Interference Agreement may result in substantial, continuing, and irreparable injury to the members of the Company Group. Therefore, I hereby agree that, in addition to any other remedy that may be available to the Company, any member of the Company Group shall be entitled to injunctive relief, specific performance, or other equitable relief by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of this Non-Interference Agreement without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach. Notwithstanding any other provision to the contrary, I acknowledge and agree that the Post-Termination Non-Compete Period, or Post-Termination Non-Interference Period, as applicable, shall be tolled during any period of violation of any of the covenants in Section 5 hereof and during any other period required for litigation during which the Company or any other member of the Company Group seeks to enforce such covenants against me if it is ultimately determined that I was in breach of such covenants.

Section 9. Cooperation.

I agree that, following any termination of my employment, I will continue to provide reasonable cooperation to the Company and/or any other member of the Company Group and its or their respective counsel in connection with any investigation, administrative proceeding, or litigation relating to any matter that occurred during my employment in which I was involved or of which I have knowledge. As a condition of such cooperation, the Company shall reimburse me for reasonable out-of-pocket expenses incurred at the request of the Company with respect to my compliance with this paragraph. I also agree that, in the event that I am subpoenaed by any person or entity (including, but not limited to, any government agency) to give testimony or provide documents (in a deposition, court proceeding, or otherwise) that in any way relates to my employment by the Company and/or any other member of the Company Group, I will give prompt notice of such request to the Company and will make no disclosure until the Company and/or the other member of the Company Group has had a reasonable opportunity to contest the right of the requesting person or entity to such disclosure.

Section 10. General Provisions.

(a) Governing Law, Venue and Jurisdiction. EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THE VALIDITY, INTERPRETATION, CONSTRUCTION, AND PERFORMANCE OF THIS NON-INTERFERENCE AGREEMENT IS GOVERNED BY AND IS TO BE CONSTRUED UNDER THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE, WITHOUT REGARD TO CONFLICT OF LAWS RULES. ANY DISPUTE OR CLAIM ARISING OUT OF OR RELATING TO THIS RELEASE OR CLAIM OF BREACH HEREOF SHALL BE BROUGHT EXCLUSIVELY IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE, TO THE EXTENT FEDERAL JURISDICTION EXISTS, AND IN ANY COURT SITTING IN SALT LAKE CITY, UTAH, BUT ONLY IN THE EVENT FEDERAL JURISDICTION DOES NOT EXIST, AND ANY APPLICABLE APPELLATE COURTS. FURTHER, I HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS NON-INTERFERENCE AGREEMENT.

(b) Entire Agreement. This Non-Interference Agreement sets forth the entire agreement and understanding between the Company and me relating to the subject matter herein and merges all prior discussions between us. No modification or amendment to this Non-Interference Agreement, nor any waiver of any rights under this Non-Interference Agreement, will be effective unless in writing signed by the party to be charged. Any subsequent change or changes in my duties, obligations, rights, or compensation will not affect the validity or scope of this Non-Interference Agreement.

(c) No Right of Continued Employment. I acknowledge and agree that nothing contained herein shall be construed as granting me any right to continued employment by the Company, and the right of the Company to terminate my employment at any time and for no reason or any reason, with or without cause, is specifically reserved.

(d) Successors and Assigns. This Non-Interference Agreement will be binding upon my heirs, executors, administrators, and other legal representatives and will be for the benefit of the Company, its successors, and its assigns. I expressly acknowledge and agree that this Non-Interference Agreement may be assigned by the Company without my consent to any other member of the Company Group as well as any purchaser of all or substantially all of the assets or stock of the Company or of any business or division of the Company for which I provide services, whether by purchase, merger, or other similar corporate transaction, provided that the license granted pursuant to Section 2(a) may be assigned to any third party by the Company without my consent.

(e) Survival. The provisions of this Non-Interference Agreement shall survive the termination of my employment with the Company and/or the assignment of this Non-Interference Agreement by the Company to any successor in interest or other

assignee.

* * *

[Signature to appear on the following page.]

I, Edward R. Bloomberg, have executed this Confidentiality, Non-Interference, and Invention Assignment Agreement on the date set forth below:

Date: __

(Signature)

(Type/Print Name)

SCHEDULE A

LIST OF PRIOR DEVELOPMENTS
AND ORIGINAL WORKS OF AUTHORSHIP
EXCLUDED FROM SECTION 2

Title	Date	Identifying Number or Brief Description

_____ No Developments or improvements

_____ Additional Sheets Attached

Signature of Executive: _____

Print Name of Executive:_____

Date:_____

Exhibit B

RELEASE OF CLAIMS

As used in this Release of Claims (this "Release"), the term "claims" will include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys' fees, judgments, losses, and liabilities, of whatsoever kind or nature, in law, in equity, or otherwise.

For and in consideration of the Severance Benefits (as defined in my Employment Agreement, dated May [__], 2018, with HealthEquity, Inc. (such corporation, the "Company" and such agreement, my "Employment Agreement")), and other good and

valuable consideration, I, Edward R. Bloomberg, for and on behalf of myself and my heirs, administrators, executors, and assigns, effective as of the date on which this release becomes effective pursuant to its terms, do fully and forever release, remise, and discharge each of the Company, and its respective direct and indirect parents, subsidiaries and affiliates, and their respective successors and assigns, together with their respective current and former officers, directors, partners, members, shareholders, employees, and agents (collectively, and with the Company, the "Group"), from any and all claims whatsoever up to the date hereof that I had, may have had, or now have against the Group, whether known or unknown, for or by reason of any matter, cause, or thing whatsoever, including any claim arising out of or attributable to my employment or the termination of my employment with the Company, whether for tort, breach of express or implied employment contract, intentional infliction of emotional distress, wrongful termination, unjust dismissal, defamation, libel, or slander, or under any federal, state, or local law dealing with discrimination based on age, race, sex, national origin, handicap, religion, disability, or sexual orientation. The release of claims in this Release includes, but is not limited to, all claims arising under the Age Discrimination in Employment Act of 1967 (the "ADEA"), Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1991, the Family and Medical Leave Act of 1993, the Employee Retirement Income Security Act of 1974, the Worker Adjustment and Retraining Notification Act of 1988 and the Equal Pay Act of 1963, each as may be amended from time to time, and all other federal, state, and local laws, the common law, and any other purported restriction on an employer's right to terminate the employment of employees. I intend this Release contained herein to be a general release of any and all claims to the fullest extent permissible by law and for the provisions regarding the release of claims against the Group to be construed as broadly as possible, and hereby incorporate in this release similar federal, state or other laws, all of which I also hereby expressly waive.

I understand and agree that claims or facts in addition to or different from those which are now known or believed by me to exist may hereafter be discovered, but it is my intention to fully and forever release, remise and discharge all claims which I had, may have had, or now have against the Group, whether known or unknown, suspected or unsuspected, asserted or unasserted, contingent or noncontingent, without regard to the subsequent discovery or existence of such additional or different facts. Without limiting the foregoing, by signing this Release, I expressly waive and release any provision of law that purports to limit the scope of a general release.

I acknowledge and agree that as of the date I execute this Release, I have no knowledge of any facts or circumstances that give rise or could give rise to any claims under any of the laws listed in the preceding paragraphs.

By executing this Release, I specifically release all claims relating to my employment and its termination under the ADEA, a United States federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefit plans.

Notwithstanding any provision of this Release to the contrary, by executing this Release, I am not releasing (i) any claims relating to my rights under Section 8 of my Employment Agreement, (ii) any claims that cannot be waived by law, or (iii) my right of indemnification as provided by, and in accordance with the terms of, the Company's by-laws or a Company insurance policy providing such coverage, as any of such may be amended from time to time.

I expressly acknowledge and agree that I –

▪Am able to read the language, and understand the meaning and effect, of this Release;

§ Have no physical or mental impairment of any kind that has interfered with my ability to read and understand the meaning of this Release or its terms, and that I am not acting under the influence of any medication, drug, or chemical of any type in entering into this Release;

§ Am specifically agreeing to the terms of the release contained in this Release because the Company has agreed to pay me the Severance Benefits in consideration for my agreement to accept it in full settlement of all possible claims I might have or ever have had, and because of my execution of this Release;

§ Acknowledge that, but for my execution of this Release, I would not be entitled to the Severance Benefits;

§ Understand that, by entering into this Release, I do not waive rights or claims under the ADEA that may arise after the date I execute this Release;

§ Had or could have had [twenty-one (21)][forty-five (45)] calendar days from the date of my termination of employment (the "Release Expiration Date") in which to review and consider this Release, and that if I execute this Release prior to the Release Expiration Date, I have voluntarily and knowingly waived the remainder of the review period;

§ Have not relied upon any representation or statement not set forth in this Release or my Employment Agreement made by the Company or any of its representatives;

§ Was advised to consult with my attorney regarding the terms and effect of this Release; and

§ Have signed this Release knowingly and voluntarily.

I represent and warrant that I have not previously filed, and to the maximum extent permitted by law agree that I will not file, a complaint, charge, or lawsuit against any member of the Group regarding any of the claims released herein. If, notwithstanding this representation and warranty, I have filed or file such a complaint, charge, or lawsuit, I agree that I shall cause such complaint, charge, or lawsuit to be dismissed with prejudice and shall pay any and all costs required in obtaining dismissal of such complaint, charge, or lawsuit, including without limitation the attorneys' fees of any member of the Group against whom I have filed such a complaint, charge, or lawsuit. This paragraph shall not apply, however, to a claim of age discrimination under the ADEA or to any non-waivable right to file a charge with the United States Equal Employment Opportunity Commission (the "EEOC") or similar state agency; *provided*, *however*, that if the EEOC or similar state agency were to pursue any claims relating to my employment with the Company, I agree that I shall not be entitled to recover any monetary damages or any other remedies or benefits as a result and that this Release and Section 8 of my Employment Agreement will control as the exclusive remedy and full settlement of all such claims by me.

I hereby agree to waive any and all claims to re-employment with the Company or any other member of the Group and affirmatively agree not to seek further employment with the Company or any other member of the Group. I acknowledge that if I re-apply for or seek employment with the Company or any other member of the Group, the Company's or any other member of the Group's refusal to hire me based on this provision will provide a complete defense to any claims arising from my attempt to apply for employment.

Notwithstanding anything contained herein to the contrary, this Release will not become effective or enforceable prior to the expiration of the period of seven (7) calendar days immediately following the date of its execution by me (the "Revocation Period"), during which time I may revoke my acceptance of this Release by notifying the Company and the Board of Directors of the Company, in writing, delivered to the Company at its principal executive office, marked for the attention of its General Counsel. To be effective, such revocation must be received by the Company no later than 11:59 p.m. on the seventh (7^{th}) calendar day following the execution of this Release. Provided that this Release is executed and I do not revoke it during the Revocation Period, the eighth (8^{th}) calendar day following the date on which this Release is executed shall be its effective date. I acknowledge and agree that if I revoke this Release during the Revocation Period, this Release will be null and void and of no effect, and neither the Company nor any other member of the Group will have any obligations to pay me the Severance Benefits.

The provisions of this Release shall be binding upon my heirs, executors, administrators, legal personal representatives, and assigns. If any provision of this Release shall be held by any court of competent jurisdiction to be illegal, void, or unenforceable, such provision shall be of no force or effect. The illegality or unenforceability of such provision, however, shall have no effect upon and shall not impair the enforceability of any other provision of this Release.

EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THE VALIDITY, INTERPRETATION, CONSTRUCTION, AND PERFORMANCE OF THIS RELEASE IS GOVERNED BY AND IS TO BE CONSTRUED UNDER THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE, WITHOUT REGARD TO CONFLICT OF LAWS RULES. ANY DISPUTE OR CLAIM ARISING OUT OF OR RELATING TO THIS RELEASE OR CLAIM OF BREACH HEREOF SHALL BE BROUGHT EXCLUSIVELY IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE, TO THE EXTENT FEDERAL JURISDICTION EXISTS, AND IN ANY COURT SITTING IN SALT LAKE CITY, UTAH, BUT ONLY IN THE EVENT FEDERAL JURISDICTION DOES NOT EXIST, AND ANY APPLICABLE APPELLATE COURTS. BY EXECUTION OF THIS RELEASE, I CONSENT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS, AND WAIVE ANY RIGHT TO CHALLENGE JURISDICTION OR VENUE IN SUCH COURT WITH REGARD TO ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS RELEASE. FURTHER, I HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS RELEASE.

Capitalized terms used, but not defined herein, shall have the meanings ascribed to such terms in my Employment Agreement.

* * *

I, Edward R. Bloomberg, have executed this Release of Claims on the date set forth below:

_____

Edward R. Bloomberg

Date:

Exhibit A

CONFIDENTIALITY, NON-INTERFERENCE, AND INVENTION ASSIGNMENT AGREEMENT

As a condition of my becoming employed by, or continuing employment with, HealthEquity, Inc., a Delaware corporation (the "Company"), and in consideration of my employment with the Company and my receipt of the compensation now and hereafter paid to me by the Company, I agree to the following terms set forth in this Confidentiality, Non-Interference, and Invention Assignment Agreement (this "Non-Interference Agreement"):

Section 1. Confidential Information.

(a) Company Group Information. I acknowledge that, during the course of my employment, I will have access to information about the Company and its direct and indirect subsidiaries and affiliates (collectively, the "Company Group") and that my employment with the Company shall bring me into close contact with confidential and proprietary information of any member of the Company Group. In recognition of the foregoing, I agree, at all times during the term of my employment with the Company and thereafter, to hold in confidence, and not to use, except for the benefit of any member of the Company Group, or to disclose to any person, firm, corporation, or other entity without written authorization of the Company, any Confidential Information that I obtain or create. I further agree not to make copies of such Confidential Information except as authorized by the Company. I understand that "Confidential Information" means information that any member of the Company Group has developed, acquired, created, compiled, discovered, or owned or will develop, acquire, create, compile, discover, or own, that has value in or to the business of any member of the Company Group that is not generally known and that the Company wishes to maintain as confidential. I understand that Confidential Information includes, but is not limited to, any and all non-public information that relates to the actual or anticipated business and/or products, research, or development of the Company, or to the Company's technical data, trade secrets, or know-how, including, but not limited to, research, product plans, or other information regarding the Company's products or services and markets, customer lists, and customers (including, but not limited to, customers of the Company on whom I called or with whom I may become acquainted during the term of my employment), software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances, and other business information disclosed by the Company either directly or indirectly in writing, orally, or by drawings or inspection of premises, parts, equipment, or other Company property. Notwithstanding the foregoing, Confidential Information shall not include (i) any of the foregoing items that have become publicly and widely known through no unauthorized disclosure by me or others who were under confidentiality obligations as to the item or items involved, or (ii) any information that I am required to disclose to, or by, any governmental or judicial authority; *provided*, *however*, that in such event I will give the Company prompt written notice thereof so that any member of the Company Group may seek an appropriate protective order and/or waive in writing compliance with the confidentiality provisions of this Non-Interference Agreement.

(b) Former Employer Information. I represent that my performance of all of the terms of this Non-Interference Agreement as an employee of the Company has not breached and will not breach any agreement to keep in confidence proprietary information, knowledge, or data acquired by me in confidence or trust prior or subsequent to the commencement of my employment with the Company, and I will not disclose to any member of the Company Group, or induce any member of the Company Group to use, any developments, or confidential or proprietary information or material I may have obtained in connection with employment with any prior employer in violation of a confidentiality agreement, nondisclosure agreement, or similar agreement with such prior employer.

(c) Third Party Information. I understand that the Company Group has received and in the future may receive from third parties confidential or proprietary information ("Third Party Information") subject to a duty on the Company Group's part to maintain the confidentiality of such information and to use it only for certain limited purposes. In recognition of the foregoing, I agree, at all times during the period of my employment with the Company (the "Employment Period") and thereafter, to hold in confidence and will not disclose to anyone (other than Company Group personnel who need to know such information in connection with their work for the Company Group), and not to use, except for the benefit of the Company Group, Third Party Information without the express prior written consent of an officer of the Company and otherwise treat Third Party Information as Confidential Information.

(d) Whistleblower; Defend Trade Secrets Act Disclosure.

(i) In addition, I understand that nothing in this Agreement shall be construed to prohibit me from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body.

(ii) I understand that the Defend Trade Secrets Act provides that I may not be held criminally or civilly liable under any Federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In the event that I file a lawsuit for retaliation by any member of the Company Group for reporting a suspected violation of law, I may disclose the trade secret to my attorney and use the trade secret information in the court proceeding, if I file any document containing the trade secret under seal and do not disclose the trade secret, except pursuant to court order.

Section 2. Developments.

(a) Developments Retained and Licensed. I have attached hereto, as Schedule A, a list describing with particularity all developments, original works of authorship, improvements, and trade secrets that I can demonstrate were created or owned by me prior to the

commencement of my employment (collectively referred to as "Prior Developments"), which belong solely to me or belong to me jointly with another, that relate in any way to any of the actual or proposed businesses, products, or research and development of any member of the Company Group, and that are not assigned to the Company hereunder, or if no such list is attached, I represent that there are no such Prior Developments. If, during any period during which I perform or performed services for any member of the Company Group both before or after the date hereof (the "Assignment Period"), whether as an officer, employee, director, independent contractor, consultant, or agent, or in any other capacity, I incorporate (or have incorporated) into any member of the Company Group's product or process a Prior Development owned by me or in which I have an interest, I hereby grant each member of the Company Group, and each member of the Company Group shall have, a non-exclusive, royalty-free, irrevocable, perpetual, transferable worldwide license (with the right to sublicense) to make, have made, copy, modify, make derivative works of, use, sell, and otherwise distribute such Prior Development as part of or in connection with such product or process.

(b) Assignment of Developments. I agree that I will, without additional compensation, promptly make full written disclosure to the Company, and will hold in trust for the sole right and benefit of the Company all developments, original works of authorship, inventions, concepts, know-how, improvements, trade secrets, and similar proprietary rights, whether or not patentable or registrable under copyright or similar laws, which I may solely or jointly conceive or develop or reduce to practice, or have solely or jointly conceived or developed or reduced to practice, or have caused or may cause to be conceived or developed or reduced to practice, during the Assignment Period, whether or not during regular working hours, provided they either (i) relate at the time of conception, development or reduction to practice to the business of any member of the Company Group, or the actual or anticipated research or development of any member of the Company Group; (ii) result from or relate to any work performed for any member of the Company Group; or (iii) are developed through the use of equipment, supplies, or facilities of any member of the Company Group, or any Confidential Information, or in consultation with personnel of any member of the Company Group (collectively referred to as "Developments"). I further acknowledge that all Developments made by me (solely or jointly with others) within the scope of and during the Assignment Period are "works made for hire" (to the greatest extent permitted by applicable law) for which I am, in part, compensated by my salary, unless regulated otherwise by law, but that, in the event any such Development is deemed not to be a work made for hire, I hereby assign to the Company, or its designee, all my right, title, and interest throughout the world in and to any such Development. If any Developments cannot be assigned, I hereby grant to each member of the Company Group an exclusive, assignable, irrevocable, perpetual, worldwide, sublicenseable (through one or multiple tiers), royalty-free, unlimited license to use, make, modify, sell, offer for sale, reproduce, distribute, create derivative works of, publicly perform, publicly display and digitally perform and display such work in any media now known or hereafter known. Outside the scope of my service, whether during or after my employment with any member of the Company Group, I agree not to (i) modify, adapt, alter, translate, or create derivative works from any such work of authorship or (ii) merge any such work of authorship with other Developments. To the extent rights related to paternity, integrity, disclosure and withdrawal (collectively, "Moral Rights") may not be assignable under applicable law and to the extent the

following is allowed by the laws in the various countries where Moral Rights exist, I hereby irrevocably waive such Moral Rights and consent to any action of any member of the Company Group that would violate such Moral Rights in the absence of such consent.

(c) Maintenance of Records. I agree to keep and maintain adequate and current written records of all Developments made by me (solely or jointly with others) during the Assignment Period. The records may be in the form of notes, sketches, drawings, flow charts, electronic data or recordings, and any other format. The records will be available to and remain the sole property of any member of the Company Group at all times. I agree not to remove such records from the Company's place of business except as expressly permitted by Company Group policy, which may, from time to time, be revised at the sole election of such member of the Company Group for the purpose of furthering the business of such member of the Company Group.

(d) Intellectual Property Rights. I agree to assist the Company, or its designee, at the Company's expense, in every way to secure the rights of each member of the Company Group in the Developments and any copyrights, patents, trademarks, service marks, database rights, domain names, mask work rights, moral rights, and other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, recordations, and all other instruments that the Company shall deem necessary in order to apply for, obtain, maintain, and transfer such rights and in order to assign and convey to each member of the Company Group the sole and exclusive right, title, and interest in and to such Developments, and any intellectual property and other proprietary rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the Assignment Period until the expiration of the last such intellectual property right to expire in any country of the world; *provided*, *however*, the Company shall reimburse me for my reasonable expenses incurred in connection with carrying out the foregoing obligation. If the Company is unable because of my mental or physical incapacity or unavailability for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Developments or original works of authorship assigned to the Company as above, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact to act for and in my behalf and stead to execute and file any such applications or records and to do all other lawfully permitted acts to further the application for, prosecution, issuance, maintenance, and transfer of letters patent or registrations thereon with the same legal force and effect as if originally executed by me. I hereby waive and irrevocably quitclaim to the Company any and all claims, of any nature whatsoever, that I now or hereafter have for past, present, or future infringement of any and all proprietary rights assigned to the Company.

Section 3. Returning Company Group Documents.

I agree that, at the time of termination of my employment with the Company for any reason, I will deliver to the Company (and will not keep in my possession, recreate, or deliver to

anyone else) any and all Confidential Information and all other documents, materials, information, and property developed by me pursuant to my employment or otherwise belonging to the Company. I agree further that any property situated on the Company's premises and owned by the Company (or any other member of the Company Group), including disks and other storage media, filing cabinets, and other work areas, is subject to inspection by personnel of any member of the Company Group at any time with or without notice.

Section 4. Disclosure of Agreement.

As long as it remains in effect, I will disclose the existence of this Non-Interference Agreement to any prospective employer, partner, co-venturer, investor, or lender prior to entering into an employment, partnership, or other business relationship with such person or entity.

Section 5. Restrictions on Interfering.

(a) Non-Competition. During the Employment Period and the Post-Termination Non-Compete Period, I shall not, directly or indirectly, individually or on behalf of any person, company, enterprise, or entity, or as a sole proprietor, partner, stockholder, director, officer, principal, agent, or executive, or in any other capacity or relationship, engage in any Competitive Activities or own any securities (debt or equity) in any person, company, enterprise, or entity that is engaged in Competitive Activities, within the United States or any other jurisdiction in which the Company Group is actively engaged in business. Notwithstanding the foregoing, my ownership of securities of a public company engaged in Competitive Activities not in excess of three percent (3%) of any class of such securities shall not be considered a breach of the covenants set forth in this Section.

(b) Non-Interference. During the Employment Period and the Post-Termination Non-Interference Period, I shall not, directly or indirectly for my own account or for the account of any other individual or entity, engage in Interfering Activities.

(c) Definitions. For purposes of this Non-Interference Agreement :

(i) "Business Relation" shall mean any current or prospective client, customer, licensee, or other business relation of any member of the Company Group, or any such relation that was a client, customer, licensee, supplier, or other business relation within the six (6) month period prior to the expiration of the Employment Period, in each case, to whom I provided services, or with whom I transacted business, or whose identity became known to me in connection with my relationship with or employment by the Company Group.

(ii) "Competitive Activities" shall mean consumer health care related businesses, including the business of acting as custodian or administrator for medical payment reimbursement accounts, including, but not limited to, health savings accounts, flexible spending accounts and health reimbursement accounts or any business activities in which any member of the Company Group is engaged (or has committed plans to engage) during the Employment Period.

(iii) "Interfering Activities" shall mean (A) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induce, any Person employed by, or providing consulting services to, any member of the Company Group to terminate such Person's employment or services (or in the case of a consultant, materially reducing such services) with any member of the Company Group; (B) hiring any individual who was employed by any member of the Company Group within the six (6) month period prior to the date of such hiring; or (C) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induce, any Business Relation to cease doing business with or reduce the amount of business conducted with any member of the Company Group, or in any way interfering with the relationship between any such Business Relation and any member of the Company Group.

(iv) "Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization, or other form of business entity.

(v) "Post-Termination Non-Compete Period" shall mean the period commencing on the date of the termination of the Employment Period for any reason and ending on the twelve (12) month anniversary of such date of termination.

(vi) "Post-Termination Non-Interference Period" shall mean the period commencing on the date of the termination of the Employment Period for any reason and ending on the twenty-four (24) month anniversary of such date of termination.

(d) Non-Disparagement. I agree that during the Employment Period, and at all times thereafter, I will not make any disparaging or defamatory comments regarding any member of the Company Group or its respective current or former directors, officers, employees or shareholders in any respect or make any comments concerning any aspect of my relationship with any member of the Company Group or any conduct or events which precipitated any termination of my employment from any member of the Company Group. However, my obligations under this subparagraph (d) shall not apply to disclosures required by applicable law, regulation, or order of a court or governmental agency.

Section 6. Reasonableness of Restrictions.

I acknowledge and recognize the highly competitive nature of the Company's business, that access to Confidential Information renders me special and unique within the Company's industry, and that I will have the opportunity to develop substantial relationships with existing and prospective clients, accounts, customers, consultants, contractors, investors, and strategic partners of any member of the Company Group during the course of and as a result of my employment with the Company. In light of the foregoing, I recognize and acknowledge that the restrictions and limitations set forth in this Non-Interference Agreement are reasonable and valid in geographical and temporal scope and in all other respects and are essential to protect the value of the business and assets of any member of the Company Group. I acknowledge further that the restrictions and limitations set forth in this Non-Interference Agreement will not materially interfere with my ability to earn a living following the termination of my employment with the

Company and that my ability to earn a livelihood without violating such restrictions is a material condition to my employment with the Company.

Section 7. Independence; Severability; Blue Pencil.

Each of the rights enumerated in this Non-Interference Agreement shall be independent of the others and shall be in addition to and not in lieu of any other rights and remedies available to any member of the Company Group at law or in equity. If any of the provisions of this Non-Interference Agreement or any part of any of them is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of this Non-Interference Agreement, which shall be given full effect without regard to the invalid portions. If any of the covenants contained herein are held to be invalid or unenforceable because of the duration of such provisions or the area or scope covered thereby, I agree that the court making such determination shall have the power to reduce the duration, scope, and/or area of such provision to the maximum and/or broadest duration, scope, and/or area permissible by law, and in its reduced form said provision shall then be enforceable.

Section 8. Injunctive Relief.

I expressly acknowledge that any breach or threatened breach of any of the terms and/or conditions set forth in this Non-Interference Agreement may result in substantial, continuing, and irreparable injury to the members of the Company Group. Therefore, I hereby agree that, in addition to any other remedy that may be available to the Company, any member of the Company Group shall be entitled to injunctive relief, specific performance, or other equitable relief by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of this Non-Interference Agreement without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach. Notwithstanding any other provision to the contrary, I acknowledge and agree that the Post-Termination Non-Compete Period, or Post-Termination Non-Interference Period, as applicable, shall be tolled during any period of violation of any of the covenants in Section 5 hereof and during any other period required for litigation during which the Company or any other member of the Company Group seeks to enforce such covenants against me if it is ultimately determined that I was in breach of such covenants.

Section 9. Cooperation.

I agree that, following any termination of my employment, I will continue to provide reasonable cooperation to the Company and/or any other member of the Company Group and its or their respective counsel in connection with any investigation, administrative proceeding, or litigation relating to any matter that occurred during my employment in which I was involved or of which I have knowledge. As a condition of such cooperation, the Company shall reimburse me for reasonable out-of-pocket expenses incurred at the request of the Company with respect to my compliance with this paragraph. I also agree that, in the event that I am subpoenaed by any person or entity (including, but not limited to, any government agency) to give testimony or provide documents (in a deposition, court proceeding, or otherwise) that in any way relates to my employment by the Company and/or any other member of the Company Group, I will give prompt notice of such request to the Company and will make no disclosure until the Company

and/or the other member of the Company Group has had a reasonable opportunity to contest the right of the requesting person or entity to such disclosure.

Section 10. General Provisions.

(a) Governing Law, Venue and Jurisdiction. EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THE VALIDITY, INTERPRETATION, CONSTRUCTION, AND PERFORMANCE OF THIS NON-INTERFERENCE AGREEMENT IS GOVERNED BY AND IS TO BE CONSTRUED UNDER THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE, WITHOUT REGARD TO CONFLICT OF LAWS RULES. ANY DISPUTE OR CLAIM ARISING OUT OF OR RELATING TO THIS RELEASE OR CLAIM OF BREACH HEREOF SHALL BE BROUGHT EXCLUSIVELY IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE, TO THE EXTENT FEDERAL JURISDICTION EXISTS, AND IN ANY COURT SITTING IN SALT LAKE CITY, UTAH, BUT ONLY IN THE EVENT FEDERAL JURISDICTION DOES NOT EXIST, AND ANY APPLICABLE APPELLATE COURTS. FURTHER, I HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS NON-INTERFERENCE AGREEMENT.

(b) Entire Agreement. This Non-Interference Agreement sets forth the entire agreement and understanding between the Company and me relating to the subject matter herein and merges all prior discussions between us. No modification or amendment to this Non-Interference Agreement, nor any waiver of any rights under this Non-Interference Agreement, will be effective unless in writing signed by the party to be charged. Any subsequent change or changes in my duties, obligations, rights, or compensation will not affect the validity or scope of this Non-Interference Agreement.

(c) No Right of Continued Employment. I acknowledge and agree that nothing contained herein shall be construed as granting me any right to continued employment by the Company, and the right of the Company to terminate my employment at any time and for no reason or any reason, with or without cause, is specifically reserved.

(d) Successors and Assigns. This Non-Interference Agreement will be binding upon my heirs, executors, administrators, and other legal representatives and will be for the benefit of the Company, its successors, and its assigns. I expressly acknowledge and agree that this Non-Interference Agreement may be assigned by the Company without my consent to any other member of the Company Group as well as any purchaser of all or substantially all of the assets or stock of the Company or of any business or division of the Company for which I provide services, whether by purchase, merger, or other similar corporate transaction, provided that the license granted pursuant to Section 2(a) may be assigned to any third party by the Company without my consent.

(e) Survival. The provisions of this Non-Interference Agreement shall survive the termination of my employment with the Company and/or the assignment of this Non-Interference Agreement by the Company to any successor in interest or other assignee.

* * *

[Signature to appear on the following page.]

I, Edward R. Bloomberg, have executed this Confidentiality, Non-Interference, and Invention Assignment Agreement on the date set forth below:

Date:

(Signature)

(Type/Print Name)

[*Signature Page to Edward R. Bloomberg Non-Interference Agreement*]

HEALTHEQUITY, INC.
AMENDED AND RESTATED
EXECUTIVE CHANGE IN CONTROL SEVERANCE PLAN
Effective July 24, 2018

1. ESTABLISHMENT AND PURPOSE

The HealthEquity, Inc. Amended and Restated Executive Change in Control Severance Plan (the ***"Plan"***) was established by the Committee, effective July 24, 2018 (the "***Effective Date***"). The Plan was originally adopted as the HealthEquity, Inc. Executive Change in Control Severance Plan, effective as of March 27, 2017, and was amended and restated by the Committee, effective June 20, 2018, to reflect a change to the definition of "Good Reason" approved by the Committee, and was further amended and restated on the Effective Date to reflect the additional benefit of accelerated vesting of certain outstanding equity awards held by a Participant in connection with a Termination Upon a Change in Control.

2. DEFINITIONS AND CONSTRUCTION

2.1 **Definitions**. Whenever used in this Plan, capitalized terms shall have the same meaning as set forth in Appendix A.

2.2 **Construction**. Captions and titles contained in this Plan are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

3. TERMINATION UPON A CHANGE IN CONTROL

In the event of a Participant's Termination Upon a Change in Control, the Participant shall be entitled to receive the compensation and benefits described in this Section 3. The provision, time and manner of payment or distribution of all such compensation and benefits shall be subject to, limited by and construed in accordance with the requirements of Section 409A of the Code, to the extent applicable, including any delay in payments after a Termination Upon a Change in Control of a Specified Employee required by Section 409A of the Code.

3.1 **Accrued Obligations**. The Participant shall be entitled to receive:

(a) all accrued but unpaid base salary through the date of the Participant's termination of employment;

(b) any unpaid or unreimbursed expenses incurred by the Participant in the course of performance of the Participant's duties and responsibilities to the Company, in a manner consistent with the Company's policies in effect from time to time with respect to business expenses, subject to the Company's requirement with respect to reporting of such expenses; and

(c) any benefits provided under the Company's employee benefit plans upon a termination of employment, in accordance with the terms contained therein.

3.2 **Severance Benefits**. Provided that the Participant executes a Release prior the Release Deadline and such Release then becomes effective and irrevocable in accordance with its terms, the Participant shall be entitled to receive the following severance payments and benefits:

(a) **Unpaid Annual Bonus**. Any unpaid Annual Bonus in respect of any completed fiscal year that has ended prior to the date of such termination, which amount shall be paid at such time annual bonuses are paid to other similarly situated employees of the Company, but in no event later than the date that is 2½ months following the last day of the fiscal year in which such termination occurred;

(b) **Pro-Rated Bonus**. Subject to achievement of the applicable performance objectives for the fiscal year of the Company in which the Participant's termination occurs, as determined by the Committee, payment of the Annual Bonus that would otherwise have been earned in respect of the fiscal year in which such termination occurred, pro-rated to reflect the number of days the Participant was employed during such fiscal year, such amount to be paid at the same time it would otherwise be paid to the Participant had no termination occurred, but in no event later than the date that is 2½ months following the last day of the fiscal year of the Company in which such termination occurred;

(c) **Salary.** Continued payment of Base Salary during the Severance Term, payable in accordance with the Company's regular payroll practices;

(d) **Health Insurance Benefits.** To the extent permitted by applicable law without any penalty to the Participant or the Company and subject to the Participant's election of COBRA continuation coverage under the Company's group health plan, on the first regularly scheduled payroll date of each month of the Severance Term, the Company will pay the Participant an amount equal to the "applicable percentage" of the monthly COBRA premium cost; *provided*, that the payments pursuant to this clause (d)

shall cease earlier than the expiration of the Severance Term in the event that the Participant becomes eligible to receive any health benefits, including through a spouse's employer, during the Severance Term. For purposes hereof, the "applicable percentage" shall be the percentage of the Participant's health care premium costs covered by the Company as of the date of termination. Amounts paid by the Company will be taxable to the extent required to avoid adverse consequences to the Participant or the Company under either Section 105(h) of the Code or the Patient Protection and Affordable Care Act of 2010; and

(e) **Equity Acceleration.** Notwithstanding anything to the contrary in any plan, award or agreement, any equity award previously granted to Participant that is expressly assumed or substituted in connection with the Change in Control and that is unvested and outstanding as of the date of such termination of Participant's employment shall become fully vested as of the date of such termination (assuming target performance for any such equity award that is subject to performance vesting requirements) and, if applicable, settled; *provided*, *however*, that in the case of any such award that constitutes "nonqualified deferred compensation" (within the meaning of Section 409A of the Code), such award will be settled at the time set forth in the applicable plan or award agreement if required in order to avoid the imposition of a penalty under Section 409A of the Code.

4.**FEDERAL EXCISE TAX UNDER SECTION 4999 OF THE CODE**

If there is a change in ownership or control of the Company that would cause any payment or distribution by the Company or any other person or entity to the Participant or for the Participant's benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise) (a "***Payment***") to be subject to the excise tax imposed by Section 4999 of the Code (such excise tax, together with any interest or penalties incurred by the Participant with respect to such excise tax, the "***Excise Tax***"), then the Participant will receive the greatest of the following, whichever gives the Participant the highest net after-tax amount (after taking into account federal, state, local and social security taxes): (a) the Payments or (b) one dollar less than the amount of the Payments that would subject the Participant to the Excise Tax (the "***Safe Harbor Amount***"). If a reduction in the Payments is necessary so that the Payments equal the Safe Harbor Amount and none of the Payments constitutes "nonqualified deferred compensation" (within the meaning of Section 409A of the Code), then the reduction shall occur in the manner the Participant elects in writing prior to the date of payment. If any Payment constitutes nonqualified deferred compensation or if the Participant fails to elect an order, then the Payments to be reduced will be determined in a manner which has the least economic cost to the Participant and, to the extent the economic cost is equivalent, will be reduced in the inverse order of when payment would have been made to the Participant, until the reduction is achieved. All determinations required to be made under this Section 4, including whether and when the Safe Harbor Amount is required and the amount of the reduction of the Payments and the assumptions to be utilized in arriving at such determination, shall be made by a certified public accounting firm designated by the Company (the "***Accounting Firm***"). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon Company and the Participant.

5.**CONFLICT IN BENEFITS; NONCUMULATION OF BENEFITS**

5.1 **Effect of Plan**. The terms of this Plan, when an individual becomes a Participant in this Plan, shall supersede all prior arrangements, whether written or oral, and understandings regarding the subject matter of this Plan and shall be the exclusive agreement for the determination of any payments and benefits due to the Participant upon the events described in Section 3. However, if a prior plan or agreement requires the consent of the Participant in order for such prior plan or agreement to be modified or amended or superseded by this Plan, such consent must be obtained from such employee in order for this Plan to supersede such prior plan or agreement, it being understood that, in accordance with Section 5.2, the benefits payable hereunder shall be reduced by the benefits payable under such plan or agreement. Subject to the foregoing, any benefits under this Plan will be provided to Participants in lieu of benefits under any other separation plan or agreement.

5.2 **Noncumulation of Benefits**. Except as expressly provided in a written agreement between a Participant and the Company which expressly disclaims this Section 5.2 and is approved by the Board or the Committee, the total amount of payments and benefits that may be received by the Participant as a result of the events described in Section 3 pursuant to the Plan, shall be reduced, in whole or in part, by any other severance benefits, pay in lieu of notice, or other similar benefits payable to such Participant by the Company in connection with such Participant's termination, including but not limited to payments or benefits pursuant to (a) any applicable legal requirement, including, without limitation, the Worker Adjustment and Retraining Notification Act, or (b) any Company agreement, arrangement, policy or practice relating to such Participant's termination of employment with the Company, including any existing employment agreement between such Participant and the Company. The benefits provided under this Plan are intended to satisfy, to the greatest extent possible, any and all statutory obligations that may arise out of any Participant's termination of employment. Such reductions shall be applied on a retroactive basis, with severance benefits previously paid being recharacterized as payments pursuant to the Company's statutory obligation.

6.**EXCLUSIVE REMEDY**

The payments and benefits provided pursuant to this Plan (plus any payments and benefits provided pursuant an agreement evidencing an Equity Award), if applicable, shall constitute the Participant's sole and exclusive remedy for any alleged injury or other damages arising out of the cessation of the employment relationship between the Participant and the Company in the event of the Participant's Termination Upon a Change in Control. The Participant shall be entitled to no other compensation, benefits, or other payments from the Company as a result of any Termination Upon a Change in Control with respect to which the payments and benefits described in this Plan (plus any payments and benefits provided pursuant an agreement evidencing an Equity Award),

if applicable, have been provided to the Participant, except as expressly set forth in this Plan or, subject to the provisions of Sections 5.1 and 5.2, in a duly executed plan or agreement between Company and the Participant.

7.**TEAM MEMBER CONFIDENTIALITY AGREEMENT**

The Participant agrees to continue to abide by the terms and conditions of the Team Member Confidentiality Agreement. Notwithstanding the foregoing, the payments and benefits described in Section 3 shall immediately terminate, and the Company shall have no further obligations to the Participant with respect thereto, in the event that the Participant breaches any provision of the Team Member Confidentiality Agreement.

8.**NO CONTRACT OF EMPLOYMENT**

Neither the establishment of the Plan, nor any amendment thereto, nor the payment of any benefits shall be construed as giving any person the right to be retained by the Company, a Successor or any other member of the Company Group. Except as otherwise established in an employment agreement between a member of the Company Group and a Participant, the employment relationship between the Participant and the Company is an "at-will" relationship. Accordingly, either the Participant or the Company may terminate the relationship at any time, with or without cause, and with or without notice except as otherwise provided by Section 12. In addition, nothing in this Plan shall in any manner obligate any Successor or other member of the Company Group to offer employment to any Participant or to continue the employment of any Participant which it does hire for any specific duration of time.

9.**CLAIMS FOR BENEFITS**

9.1 **ERISA Plan**. This Plan is intended to be (a) an employee welfare plan as defined in Section 3(1) of Employee Retirement Income Security Act of 1974 ("***ERISA***") and (b) a "top-hat" plan maintained for the benefit of a select group of management or highly compensated employees of the Company Group. This document is intended to constitute both the Plan document and the Plan's Summary Plan Description. For purposes of ERISA, the Company shall be the "Plan Administrator."

9.2 **Application for Benefits**. All applications for payments and/or benefits under the Plan ("***Benefits***") shall be submitted to the Company's benefits department personnel (the ***"Claims Administrator"***), with a copy to the Company's General Counsel. Applications for Benefits must be in writing on forms acceptable to the Claims Administrator and must be signed by the Participant or beneficiary. The Claims Administrator reserves the right to require the Participant or beneficiary to furnish such other proof of the Participant's expenses, including without limitation, receipts, canceled checks, bills, and invoices as may be required by the Claims Administrator.

9.3 **Appeal of Denial of Claim**.

(a) If a claimant's claim for Benefits is denied, the Claims Administrator shall provide notice to the claimant in writing of the denial within ninety (90) days after its submission. The notice shall be written in a manner calculated to be understood by the claimant and shall include:

(1) The specific reason or reasons for the denial;

(2) Specific references to the Plan provisions on which the denial is based;

(3) A description of any additional material or information necessary for the applicant to perfect the claim and an explanation of why such material or information is necessary; and

(4) An explanation of the Plan's claims review procedures, the limits applicable to such procedures, and a statement of claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination.

(b) If special circumstances require an extension of time for processing the initial claim, a written notice of the extension and the reason therefor shall be furnished to the claimant before the end of the initial ninety (90) day period. In no event shall such extension exceed ninety (90) days.

(c) If a claim for Benefits is denied, the claimant, at the claimant's sole expense, may appeal the denial to the Committee (the ***"Appeals Administrator"***) within sixty (60) days of the receipt of written notice of the denial. In pursuing such appeal the applicant or his duly authorized representative:

(1) may request in writing that the Appeals Administrator review the denial;

(2) may review pertinent documents; and

(3) may submit issues and comments in writing.

(d) The decision on review shall be made within sixty (60) days of receipt of the request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one hundred twenty (120) days after receipt of the request for review. If such an extension of time is required, written notice of the extension shall be furnished to the claimant before the end of the original sixty (60) day period. The decision on

review shall be made in writing, shall be written in a manner calculated to be understood by the claimant, and, if the decision on review is a denial of the claim for Benefits, shall include:

(1) The specific reason or reasons for the denial;

(2) Specific references to the Plan provisions on which the denial is based;

(3) A statement that the applicant is entitled to receive, upon request and free of charge, reasonable access to, and copies of all documents, records and other information relevant to the applicant's claim for benefits; and

(4) An explanation of the Plan's claims review procedures and a statement of claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination.

(5) The procedure set forth in this Section 9.3 is intended to comply with United States Department of Labor Regulation Section 2560.503-1 and should be construed in accordance with such regulation. In no event shall the claims procedure be interpreted as expanding the rights of a Participant beyond what is required by United States Department of Labor Regulation Section 2560.503-1.

9.4 **Discretionary Authority**. In performing their duties under the Plan, the Company, the Claims Administrator and the Appeals Administrator shall have the discretionary authority to interpret the terms and the eligibility provisions of the Plan. The validity of any such interpretation shall be given de novo review if challenged in court, by arbitration, or in any other forum, and such de novo standard shall apply notwithstanding the grant of full discretion hereunder to the Company, the Claims Administrator and the Appeals Administrator or characterization of any such decision by the Company, the Claims Administrator and the Appeals Administrator as final or binding on any party.

10.DISPUTE RESOLUTION

10.1 **Disputes Subject to Arbitration**. Any claim, dispute or controversy arising out of this Plan, the interpretation, validity or enforceability of this Plan or the alleged breach thereof shall be submitted by the parties to binding arbitration by the American Arbitration Association or as otherwise required by ERISA; *provided*, *however*, that (a) the arbitrator shall have no authority to make any ruling or judgment that would confer any rights with respect to trade secrets, confidential and proprietary information or other intellectual property; and (b) this arbitration provision shall not preclude the parties from seeking legal and equitable relief from any court having jurisdiction with respect to any disputes or claims relating to or arising out of the misuse or misappropriation of intellectual property. Judgment may be entered on the award of the arbitrator in any court having jurisdiction.

10.2 **Site of Arbitration**. The site of the arbitration proceeding shall be in Draper, Utah or any other site mutually agreed to by the Company and the Participant.

11.SUCCESSORS AND ASSIGNS

11.1 **Successors of the Company**. The Company shall require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, expressly, absolutely and unconditionally to assume and agree to perform this Plan in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Failure of the Company to obtain such agreement shall be a material breach of this Plan and shall entitle the Participant to resign for Good Reason and to receive the benefits provided under this Plan in the event of Termination Upon a Change in Control.

11.2 **Acknowledgment by Company**. If, after a Change in Control, the Company fails to reasonably confirm that it has performed the obligation described in Section 11.1 within thirty (30) days after written notice from the Participant, such failure shall be a material breach of this Plan and shall entitle the Participant to resign for Good Reason and to receive the benefits provided under this Plan in the event of Termination Upon a Change in Control.

11.3 **Heirs and Representatives of Participant**. This Plan shall inure to the benefit of and be enforceable by the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devises, legatees or other beneficiaries. If the Participant should die while any amount would still be payable to the Participant hereunder (other than amounts which, by their terms, terminate upon the death of the Participant) if the Participant had continued to live, then all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the executors, personal representatives or administrators of the Participant's estate.

12.NOTICES

12.1 **General**. For purposes of this Plan, notices and all other communications shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States certified mail, return receipt requested, or by overnight courier, postage prepaid, if to the Company, at its principal executive offices marked for the attention of its General Counsel, and if to the Participant, at the home address which the Participant most recently communicated to the Company in writing. Either party may provide the other with notices of change of address, which shall be effective upon receipt.

12.2 **Notice of Termination**. Any termination by the Company of the Participant's employment during the Change in Control Period or any resignation by the Participant during the Change in Control Period shall be communicated by a notice of termination or resignation to the other party hereto given in accordance with Section 12.1. Such notice shall indicate the specific termination provision in this Plan relied upon, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and shall specify the termination date.

13. TERMINATION AND AMENDMENT OF PLAN

The Plan may be terminated or amended in any respect by resolution adopted by Committee in its sole and absolute discretion and without the consent of any Participant, provided, that no such termination or amendment adverse to any Participant shall be effective with respect to such Participant prior to the date that is twelve (12) months from the date written notice of such termination of amendment is given to a Participant. Notwithstanding any other provision of the Plan to the contrary, the Board or the Committee may, in its sole and absolute discretion and without the consent of any Participant, amend the Plan, to take effect retroactively or otherwise, as it deems necessary or advisable for the purpose of conforming the Plan to any present or future law relating to plans of this or similar nature (including, but not limited to, Section 409A of the Code), and to the administrative regulations and rulings promulgated thereunder.

14. ADDITIONAL 409A PROVISIONS

Notwithstanding any provision in this Plan to the contrary—

14.1 Any payment otherwise required to be made hereunder to a Participant shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a)(2)(B)(i) of the Code (the "***Delay Period***"). On the first business day following the expiration of the Delay Period, the Participant shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence, and any remaining payments not so delayed shall continue to be paid pursuant to the payment schedule set forth herein.

14.2 Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

14.3 To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Plan constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code), (a) any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by the Participant, (b) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (c) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; *provided*, that the foregoing clause (c) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

14.4 While the payments and benefits provided hereunder are intended to be structured in a manner to avoid the implication of any penalty taxes under Section 409A of the Code, in no event whatsoever shall the Company or any of its affiliates be liable for any additional tax, interest, or penalties that may be imposed on the Participant as a result of Section 409A of the Code or any damages for failing to comply with Section 409A of the Code (other than for withholding obligations or other obligations applicable to employers, if any, under Section 409A of the Code).

15. MISCELLANEOUS PROVISIONS

15.1 **Unfunded Obligation**. Any amounts payable to Participants pursuant to the Plan are unfunded obligations. The Company shall not be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Participant account shall not create or constitute a trust or fiduciary relationship between the Board or the Company and a Participant, or otherwise create any vested or beneficial interest in any Participant or the Participant's creditors in any assets of the Company.

15.2 **No Duty to Mitigate; Obligations of Company**. A Participant shall not be required to mitigate the amount of any payment or benefit contemplated by this Plan by seeking employment with a new employer or otherwise, nor shall any such payment or benefit (except for benefits to the extent described in Section 5.2) be reduced by any compensation or benefits that the Participant may receive from employment by another employer. Except as otherwise provided by this Plan, the obligations of the Company to make payments to the Participant and to make the arrangements provided for herein are absolute and unconditional and may not be reduced by any circumstances, including without limitation any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Participant or any third party at any time.

15.3 **No Representations**. The Participant acknowledges that in becoming a Participant in the Plan, the Participant is not relying and has not relied on any promise, representation or statement made by or on behalf of the Company which is not set forth in this Plan.

15.4 **Waiver**. No waiver by the Participant or the Company of any breach of, or of any lack of compliance with, any condition or provision of this Plan by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

15.5 **Choice of Law**. The validity, interpretation, construction and performance of this Plan shall be governed by the substantive laws of the State of Delaware, without regard to its conflict of law provisions to the extent that ERISA does not govern.

15.6 **Validity**. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which shall remain in full force and effect.

15.7 **Benefits Not Assignable**. Except as otherwise provided herein or by law, no right or interest of any Participant under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including, without limitation, by execution, levy, garnishment, attachment, pledge or in any other manner, and no attempted transfer or assignment thereof shall be effective. No right or interest of any Participant under the Plan shall be liable for, or subject to, any obligation or liability of such Participant.

15.8 **Tax Withholding**. All payments made pursuant to this Plan will be subject to withholding of applicable income and employment taxes.

15.9 **Consultation with Legal and Financial Advisors**. The Participant acknowledges that this Plan confers significant legal rights, and may also involve the waiver of rights under other agreements; that the Company has encouraged the Participant to consult with the Participant's personal legal and financial advisors; and that the Participant has had adequate time to consult with the Participant's advisors.

APPENDIX A

Definitions

Whenever used in this Plan, the following terms shall have the meanings set forth below:

(a) ***"Annual Bonus"*** means an amount equal to the annual incentive bonuses that would be earned by the Participant under the terms of the programs, plans or agreements providing for such bonuses in which the Participant was participating prior to a termination of employment. For this purpose, annual incentive bonuses shall not include signing bonuses or other nonrecurring cash incentive awards.

(b) ***"Base Salary"*** means the greater of (1) the Participant's base salary rate in effect immediately prior to the Participant's Termination Upon a Change in Control or (2) the Participant's base salary rate in effect immediately prior to the applicable Change in Control. For this purpose, base salary does not include any bonuses, commissions, fringe benefits, car allowances, other irregular payments or any other compensation except base salary.

(c) ***"Board"*** means the Board of Directors of the Company.

(d) ***"Cause"*** means (1) the Participant's act(s) of gross negligence or willful misconduct in the course of the Participant's employment, (2) willful failure or refusal by the Participant to perform in any material respect the Participant's duties or responsibilities, (3) misappropriation (or attempted misappropriation) by the Participant of any assets or business opportunities of the Company or any other member of the Company Group, (4) embezzlement or fraud committed (or attempted) by the Participant, at the Participant's direction, or with the Participant's prior actual knowledge, (5) the Participant's conviction of or pleading "guilty" or " no contest" to, (x) a felony or (y) any other criminal charge that has, or could be reasonably expected to have, an adverse impact on the performance of the Participant's duties to the Company or any other member of the Company Group or otherwise result in material injury to the reputation or business of the Company or any other member of the Company Group, (6) any material violation by the Participant of the policies of the Company, including but not limited to those relating to sexual harassment or business conduct, and those otherwise set forth in the manuals or statements of policy of the Company, or (7) the Participant's material breach of the Team Member Confidentiality Agreement. If, within ninety (90) days subsequent to the Participant's termination of employment for any reason other than by the Company for Cause, the Company determines that the Participant's employment could have been terminated for Cause pursuant to subparts (1), (3), (4), or (5) of the preceding sentence (the "***Post-Termination Cause Determination***"), the Participant's employment will be deemed to have been terminated for Cause for all purposes, and the Participant will be required to disgorge to the Company all amounts received pursuant to this Plan or otherwise on account of such termination that would not have been paid or payable to the Participant had such termination been by the Company for Cause. Notwithstanding the foregoing, the Company may assert a Post-Termination Cause Determination if, and only if, the Board did not have actual knowledge of facts supporting its Post-Termination Cause Determination prior to the termination of the Participant's employment.

(e) ***"Change in Control"*** means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(1) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control will not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (C) solely because the level of Ownership held by any Exchange Act Person (the "***Subject Person***") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control will be deemed to occur;

(2) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(3) the stockholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company will otherwise occur, except for a liquidation into a parent corporation;

(4) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(5) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the members of the Board; *provided, however,* that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of the Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing definition or any other provision of the Plan, (A) the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any affiliate and the Participant will supersede the foregoing definition with respect to the Participant; *provided, however,* that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply. If required for compliance with Section 409A of the Code, in no event will a Change in Control be deemed to have occurred if such transaction is not also a "change in the ownership or effective control of" the Company or "a change in the ownership of a substantial portion of the assets of" the Company as determined under Treasury Regulation Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder). The Board may, in its sole discretion and without a Participant's consent, amend the definition of "Change in Control" to conform to the definition of "Change in Control" under Section 409A of the Code, and the regulations thereunder.

(f) ***"Change in Control Period"*** means the period commencing upon the consummation of a Change in Control and ending on the first anniversary of the consummation of the Change in Control.

(g) ***"COBRA"*** means Part 6 of Title I of the Employee Retirement Income Security Act of 1974, as amended, and Section 4980B of the Code, and the rules and regulations promulgated under any of them.

(h) ***"Code"*** means the Internal Revenue Code of 1986, as amended, or any successor thereto and any applicable regulations (including proposed or temporary regulations) and other Internal Revenue Service guidance promulgated thereunder.

(i) ***"Committee"*** means the Compensation Committee of the Board.

(j) ***"Company"*** means HealthEquity, Inc., a Delaware corporation, and, following a Change in Control, a Successor that agrees to assume all of the terms and provisions of this Plan or a Successor which otherwise becomes bound by operation of law to this Plan.

(k) ***"Company Group"*** means the group consisting of the Company and each present or future parent and Subsidiary corporation or other business entity thereof.

(l) ***"Disability"*** means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(m) "***Entity***" means a corporation, partnership, limited liability company or other entity.

(n) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(o) ***"Equity Award"*** means any stock-based compensation award granted pursuant to the Company's 2009 Stock Plan or 2014 Equity Incentive Plan, in each case, as amended and restated, or any successor thereto.

(p) "***Exchange Act Person***" means any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" will not include (1) the Company or any Subsidiary of the Company, (2) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (3) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (4) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (5) any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities.

(q) ***"Good Reason"*** means (1) a material reduction in the Participant's base salary or Annual Bonus opportunity (other than pursuant to an across-the-board reduction applicable to all similarly-situated employees), (2) a material diminution in the Participant's duties or responsibilities, or (3) the relocation of the Participant's principal place of employment more than fifty (50) miles from its then current location. The Participant may terminate the Participant's employment for Good Reason only after providing the Company written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within sixty (60) days of the occurrence of such event. Said notice shall provide the Company with a sixty (60) day period during which the Company may cure such act or acts constituting Good Reason (the "***Cure Period***"), and such termination shall be effective at the expiration of the Cure Period unless the Company has fully cured during such Cure Period such act or acts that give rise to Good Reason.

(r) "***Own***," "***Owned***," "***Owner***," "***Ownership***" A person or Entity will be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(s) ***"Participant"*** means each employee who receives a letter agreement signed by a duly authorized officer of the Company in the form attached hereto as Exhibit A.

(t) ***"Release"*** means a general release of all known and unknown claims against the Company and its affiliates and their stockholders, directors, officers, employees, agents, successors and assigns substantially in the form attached hereto as Exhibit B for Participant's age 40 or older at the time of any Separation From Service or Exhibit C for Participant's under the age of 40 at the time of any Separation From Service.

(u) ***"Release Deadline"*** means, for Participant's age 40 or older at the time of any Separation From Service, forty-five (45) days following the delivery of the Release to the Participant, and for Participant's under the age of 40 at the time of any Separation From Service, twenty-one (21) days following the delivery of the Release to the Participant.

(v) ***"Separation from Service"*** means a separation from service as defined in Section 409A of the Code.

(w) ***"Severance Term"*** means the twelve (12) month period following the Participant's Termination Upon a Change in Control.

(x) ***"Specified Employee"*** means a specified employee as defined in Section 409A of the Code and the HealthEquity, Inc. Section 409A Specified Employee Policy.

(y) "***Subsidiary"*** means, with respect to the Company, (1) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (2) any partnership, limited

liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%).

(z) ***"Successor"*** means any successor in interest to substantially all of the business and/or assets of the Company.

(aa) ***"Team Member Confidentiality Agreement***" means all confidentiality, non-interference, invention assignment or similar covenants previously made by the Participant in favor of the Company Group.

(bb) ***"Termination Upon a Change in Control"*** means the occurrence of any of the following events:

(1) termination by the Company Group of the Participant's employment for any reason other than Cause during the Change in Control Period; or

(2) the Participant's resignation for Good Reason from employment with the Company Group during the Change in Control Period, provided that such resignation occurs within sixty (60) days following the occurrence of the condition constituting Good Reason;

provided, *however*, that Termination Upon a Change in Control shall not include any termination of the Participant's employment which is (i) for Cause, (ii) a result of the Participant's death or Disability, or (iii) a result of the Participant's voluntary termination of employment other than for Good Reason. For purposes of entitlement to the severance benefits described in Section 3, to the extent that any amount constituting nonqualified deferred compensation subject to Section 409A of the Code would become payable under this Plan as a result of a Termination Upon a Change in Control, the amount shall not be paid unless and until the Participant incurs a Separation from Service.

EXHIBIT A

[HEALTHEQUITY LETTERHEAD]

[Participant Name]
[Participant Address]

Re: The HealthEquity, Inc. Amended and Restated Executive Change in Control Severance Plan

Dear [Employee Name]:

This letter agreement ("***Letter Agreement***") relates to the HealthEquity, Inc. Amended and Restated Executive Change in Control Severance Plan (the "***Plan***"). Through this Letter Agreement, you are being offered the opportunity to become a participant in the Plan (a "***Participant***"), and thereby to be eligible to receive the severance benefits set forth therein. A copy of the Plan is attached to this Letter Agreement.

By signing below, you will be acknowledging and agreeing to the following provisions:

- that you have received and reviewed a copy of the Plan;
- that terms not defined in this Letter Agreement but beginning with a capital letter shall have the meaning assigned to them in the Plan;
- that participation in the Plan requires that you agree irrevocably and voluntarily to the terms of the Plan and the terms set forth below; and
- that you have had the opportunity to carefully evaluate this opportunity, and desire to participate in the Plan according to the terms and conditions set forth herein.

Subject to the foregoing, we invite you to become a Participant in the Plan. Your participation in the Plan will be effective upon your signing and returning this Letter Agreement to HealthEquity, Inc. ("***HealthEquity***") within thirty (30) days of your receipt of this Letter Agreement.

NOW, THEREFORE, you and HealthEquity (hereinafter referred to as "***the parties***") hereby AGREE as follows:

1. If, after the Effective Date and while the Plan and this Letter Agreement are in effect, you incur a Termination Upon a Change in Control, you will receive the payments and benefits set forth in Section 3 of the Plan.
2. As a condition of receiving any payments or benefits pursuant to the Plan, you must (i) execute and accept the terms and conditions of, and the effectiveness of, a Release by the Release Deadline, (ii) comply with the covenants set forth in Section 7 of the Plan and (iii) promptly resign from any position as an officer, director or fiduciary of any HealthEquity-related entity.

This Letter Agreement shall terminate, and your status as a Participant in the Plan shall end, upon your termination of employment for any reason other than a Termination Upon a Change in Control. You recognize and agree that your execution of this Letter Agreement results in your enrollment and participation in the Plan, that you agree to be bound by the terms and conditions of the Plan and this Letter Agreement.

HealthEquity, Inc.

By:

Name:

Title:

ACCEPTED AND AGREED TO this [__] day of____, 2018.

_____
Name (Printed)

_____
Signature

EXHIBIT B

FORM OF RELEASE FOR PARTICIPANTS 40 AND OVER

As used in this Release of Claims (this "***Release***"), the term "claims" will include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys' fees, judgments, losses, and liabilities, of whatsoever kind or nature, in law, in equity, or otherwise.

For and in consideration of the severance payments and benefits (the "***Severance Benefits***") described in Section 3 of the HealthEquity, Inc. Executive Change in Control Severance Plan, effective March 27, 2017 (the "***Plan***"), sponsored by HealthEquity, Inc. or any successor thereof (such corporation, the "***Company***"), and other good and valuable consideration, I, [Name], for and on behalf of myself and my heirs, administrators, executors, and assigns, effective as of the date on which this release becomes effective pursuant to its terms, do fully and forever release, remise, and discharge each of the Company, and its respective direct and indirect parents, subsidiaries and affiliates, and their respective successors and assigns, together with their respective current and former officers, directors, partners, members, shareholders, employees, and agents (collectively, and with the Company, the "***Group***"), from any and all claims whatsoever up to the date hereof that I had, may have had, or now have against the Group, whether known or unknown, for or by reason of any matter, cause, or thing whatsoever, including any claim arising out of or attributable to my employment or the termination of my employment with the Company, whether for tort, breach of express or implied employment contract, intentional infliction of emotional distress, wrongful termination, unjust dismissal, defamation, libel, or slander, or under any federal, state, or local law dealing with discrimination based on age, race, sex, national origin, handicap, religion, disability, or sexual orientation. The release of claims in this Release includes, but is not limited to, all claims arising under the Age Discrimination in Employment Act of 1967 (the "***ADEA***"), Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1991, the Family and Medical Leave Act of 1993, the Employee Retirement Income Security Act of 1974, the Worker Adjustment and Retraining Notification Act of 1988 and the Equal Pay Act of 1963, each as may be amended from time to time, and all other federal, state, and local laws, the common law, and any other purported restriction on an employer's right to terminate the employment of employees. I intend this Release contained herein to be a general release of any and all claims to the fullest extent permissible by law and for the provisions regarding the release of claims against the Group to be construed as broadly as possible, and hereby incorporate in this release similar federal, state or other laws, all of which I also hereby expressly waive.

I understand and agree that claims or facts in addition to or different from those which are now known or believed by me to exist may hereafter be discovered, but it is my intention to fully and forever release, remise and discharge all claims which I had, may have had, or now have against the Group, whether known or unknown, suspected or unsuspected, asserted or unasserted, contingent or noncontingent, without regard to the subsequent discovery or existence of such additional or different facts. Without

limiting the foregoing, by signing this Release, I expressly waive and release any provision of law that purports to limit the scope of a general release.

I acknowledge and agree that as of the date I execute this Release, I have no knowledge of any facts or circumstances that give rise or could give rise to any claims under any of the laws listed in the preceding paragraphs.

By executing this Release, I specifically release all claims relating to my employment and its termination under the ADEA, a United States federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefit plans.

Notwithstanding any provision of this Release to the contrary, by executing this Release, I am not releasing (i) any claims relating to my rights under Section 3 of the Plan, (ii) any claims that cannot be waived by law, or (iii) my right of indemnification as provided by, and in accordance with the terms of, the Company's by-laws or a Company insurance policy providing such coverage, as any of such may be amended from time to time.

I expressly acknowledge and agree that I –

- Am able to read the language, and understand the meaning and effect, of this Release;
- Have no physical or mental impairment of any kind that has interfered with my ability to read and understand the meaning of this Release or its terms, and that I am not acting under the influence of any medication, drug, or chemical of any type in entering into this Release;
- Am specifically agreeing to the terms of the release contained in this Release because the Company has agreed to pay me the Severance Benefits in consideration for my agreement to accept it in full settlement of all possible claims I might have or ever have had, and because of my execution of this Release;
- Acknowledge that, but for my execution of this Release, I would not be entitled to the Severance Benefits;
- Understand that, by entering into this Release, I do not waive rights or claims under the ADEA that may arise after the date I execute this Release;
- Had or could have had forty-five (45) calendar days from the date of my termination of employment (the "***Release Expiration Date***") in which to review and consider this Release, and that if I execute this Release prior to the Release Expiration Date, I have voluntarily and knowingly waived the remainder of the review period;
- Have not relied upon any representation or statement not set forth in this Release or my Employment Agreement made by the Company or any of its representatives;
- Was advised to consult with my attorney regarding the terms and effect of this Release; and
- Have signed this Release knowingly and voluntarily.

I represent and warrant that I have not previously filed, and to the maximum extent permitted by law agree that I will not file, a complaint, charge, or lawsuit against any member of the Group regarding any of the claims released herein. If, notwithstanding this representation and warranty, I have filed or file such a complaint, charge, or lawsuit, I agree that I shall cause such complaint, charge, or lawsuit to be dismissed with prejudice and shall pay any and all costs required in obtaining dismissal of such complaint, charge, or lawsuit, including without limitation the attorneys' fees of any member of the Group against whom I have filed such a complaint, charge, or lawsuit. This paragraph shall not apply, however, to a claim of age discrimination under the ADEA or to any non-waivable right to file a charge with the United States Equal Employment Opportunity Commission (the "***EEOC***") or similar state agency; *provided*, *however*, that if the EEOC or similar state agency were to pursue any claims relating to my employment with the Company, I agree that I shall not be entitled to recover any monetary damages or any other remedies or benefits as a result and that this Release and Section 3 of the Plan will control as the exclusive remedy and full settlement of all such claims by me.

I hereby agree to waive any and all claims to re-employment with the Company or any other member of the Group and affirmatively agree not to seek further employment with the Company or any other member of the Group. I acknowledge that if I re-apply for or seek employment with the Company or any other member of the Group, the Company's or any other member of the Group's refusal to hire me based on this provision will provide a complete defense to any claims arising from my attempt to apply for employment.

Notwithstanding anything contained herein to the contrary, this Release will not become effective or enforceable prior to the expiration of the period of seven (7) calendar days immediately following the date of its execution by me (the "***Revocation Period***"), during which time I may revoke my acceptance of this Release by notifying the Company and the Board of Directors of the Company, in writing, delivered to the Company at its principal executive office, marked for the attention of its [General Counsel]. To be effective, such revocation must be received by the Company no later than 11:59 p.m. on the seventh (7^{th}) calendar day following the execution of this Release. Provided that this Release is executed and I do not revoke it during the Revocation Period, the eighth (8^{th}) calendar day following the date on which this Release is executed shall be its effective date. I

acknowledge and agree that if I revoke this Release during the Revocation Period, this Release will be null and void and of no effect, and neither the Company nor any other member of the Group will have any obligations to pay me the Severance Benefits.

The provisions of this Release shall be binding upon my heirs, executors, administrators, legal personal representatives, and assigns. If any provision of this Release shall be held by any court of competent jurisdiction to be illegal, void, or unenforceable, such provision shall be of no force or effect. The illegality or unenforceability of such provision, however, shall have no effect upon and shall not impair the enforceability of any other provision of this Release.

I HEREBY AGREE THAT ALL DISPUTES REGARDING THE VALIDITY, INTERPRETATION, CONSTRUCTION, AND PERFORMANCE OF THE PLAN AND THIS RELEASE IS SUBJECT TO THE PROVISIONS OF SECTIONS 9 AND 10 OF THE PLAN. ANY DISPUTE OR CLAIM ARISING OUT OF OR RELATING TO THIS RELEASE OR CLAIM OF BREACH HEREOF SHALL BE RESOLVED BY ARBITRATION IN ACCORDANCE WITH SECTION 10 OF THE PLAN.

Capitalized terms used, but not defined herein, shall have the meanings ascribed to such terms in the Plan.

* * *

I, _____, have executed this Release of Claims on the date set forth below:

_____
[Name]
Date:

EXHIBIT C

FORM OF RELEASE FOR PARTICIPANTS UNDER 40

As used in this Release of Claims (this "***Release***"), the term "claims" will include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys' fees, judgments, losses, and liabilities, of whatsoever kind or nature, in law, in equity, or otherwise.

For and in consideration of the severance payments and benefits (the "***Severance Benefits***") described in Section 3 of the HealthEquity, Inc. Executive Change in Control Severance Plan, effective March 27, 2017 (the "***Plan***"), sponsored by HealthEquity, Inc. or any successor thereof (such corporation, the "***Company***"), and other good and valuable consideration, I, [Name], for and on behalf of myself and my heirs, administrators, executors, and assigns, effective as of the date on which this release becomes effective pursuant to its terms, do fully and forever release, remise, and discharge each of the Company, and its respective direct and indirect parents, subsidiaries and affiliates, and their respective successors and assigns, together with their respective current and former officers, directors, partners, members, shareholders, employees, and agents (collectively, and with the Company, the "***Group***"), from any and all claims whatsoever up to the date hereof that I had, may have had, or now have against the Group, whether known or unknown, for or by reason of any matter, cause, or thing whatsoever, including any claim arising out of or attributable to my employment or the termination of my employment with the Company, whether for tort, breach of express or implied employment contract, intentional infliction of emotional distress, wrongful termination, unjust dismissal, defamation, libel, or slander, or under any federal, state, or local law dealing with discrimination based on age, race, sex, national origin, handicap, religion, disability, or sexual orientation. The release of claims in this Release includes, but is not limited to, all claims arising under the Age Discrimination in Employment Act of 1967, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1991, the Family and Medical Leave Act of 1993, the Employee Retirement Income Security Act of 1974, the Worker Adjustment and Retraining Notification Act of 1988 and the Equal Pay Act of 1963, each as may be amended from time to time, and all other federal, state, and local laws, the common law, and any other purported restriction on an employer's right to terminate the employment of employees. I intend this Release contained herein to be a general release of any and all claims to the fullest extent permissible by law and for the provisions regarding the release of claims against the Group to be construed as broadly as possible, and hereby incorporate in this release similar federal, state or other laws, all of which I also hereby expressly waive.

I understand and agree that claims or facts in addition to or different from those which are now known or believed by me to exist may hereafter be discovered, but it is my intention to fully and forever release, remise and discharge all claims which I had, may have had, or now have against the Group, whether known or unknown, suspected or unsuspected, asserted or unasserted, contingent or noncontingent, without regard to the subsequent discovery or existence of such additional or different facts. Without limiting the foregoing, by signing this Release, I expressly waive and release any provision of law that purports to limit the scope of a general release.

I acknowledge and agree that as of the date I execute this Release, I have no knowledge of any facts or circumstances that give rise or could give rise to any claims under any of the laws listed in the preceding paragraphs.

Notwithstanding any provision of this Release to the contrary, by executing this Release, I am not releasing (i) any claims relating to my rights under Section 3 of the Plan, (ii) any claims that cannot be waived by law, or (iii) my right of

indemnification as provided by, and in accordance with the terms of, the Company's by-laws or a Company insurance policy providing such coverage, as any of such may be amended from time to time.

I expressly acknowledge and agree that I –

- Am able to read the language, and understand the meaning and effect, of this Release;
- Have no physical or mental impairment of any kind that has interfered with my ability to read and understand the meaning of this Release or its terms, and that I am not acting under the influence of any medication, drug, or chemical of any type in entering into this Release;
- Am specifically agreeing to the terms of the release contained in this Release because the Company has agreed to pay me the Severance Benefits in consideration for my agreement to accept it in full settlement of all possible claims I might have or ever have had, and because of my execution of this Release;
- Acknowledge that, but for my execution of this Release, I would not be entitled to the Severance Benefits;
- Had or could have had twenty-one (21) calendar days from the date of my termination of employment (the "***Release Expiration Date***") in which to review and consider this Release, and that if I execute this Release prior to the Release Expiration Date, I have voluntarily and knowingly waived the remainder of the review period;
- Have not relied upon any representation or statement not set forth in this Release or my Employment Agreement made by the Company or any of its representatives;
- Was advised to consult with my attorney regarding the terms and effect of this Release; and
- Have signed this Release knowingly and voluntarily.

I represent and warrant that I have not previously filed, and to the maximum extent permitted by law agree that I will not file, a complaint, charge, or lawsuit against any member of the Group regarding any of the claims released herein. If, notwithstanding this representation and warranty, I have filed or file such a complaint, charge, or lawsuit, I agree that I shall cause such complaint, charge, or lawsuit to be dismissed with prejudice and shall pay any and all costs required in obtaining dismissal of such complaint, charge, or lawsuit, including without limitation the attorneys' fees of any member of the Group against whom I have filed such a complaint, charge, or lawsuit. This paragraph shall not apply, however, to any non-waivable right to file a charge with the United States Equal Employment Opportunity Commission (the "***EEOC***") or similar state agency; *provided*, *however*, that if the EEOC or similar state agency were to pursue any claims relating to my employment with the Company, I agree that I shall not be entitled to recover any monetary damages or any other remedies or benefits as a result and that this Release and Section 3 of the Plan will control as the exclusive remedy and full settlement of all such claims by me.

I hereby agree to waive any and all claims to re-employment with the Company or any other member of the Group and affirmatively agree not to seek further employment with the Company or any other member of the Group. I acknowledge that if I re-apply for or seek employment with the Company or any other member of the Group, the Company's or any other member of the Group's refusal to hire me based on this provision will provide a complete defense to any claims arising from my attempt to apply for employment.

This Release will become effective and enforceable when delivered to the Company at its principal executive office, marked for the attention of its [General Counsel].

The provisions of this Release shall be binding upon my heirs, executors, administrators, legal personal representatives, and assigns. If any provision of this Release shall be held by any court of competent jurisdiction to be illegal, void, or unenforceable, such provision shall be of no force or effect. The illegality or unenforceability of such provision, however, shall have no effect upon and shall not impair the enforceability of any other provision of this Release.

I HEREBY AGREE THAT ALL DISPUTES REGARDING THE VALIDITY, INTERPRETATION, CONSTRUCTION, AND PERFORMANCE OF THE PLAN AND THIS RELEASE IS SUBJECT TO THE PROVISIONS OF SECTIONS 9 AND 10 OF THE PLAN. ANY DISPUTE OR CLAIM ARISING OUT OF OR RELATING TO THIS RELEASE OR CLAIM OF BREACH HEREOF SHALL BE RESOLVED BY ARBITRATION IN ACCORDANCE WITH SECTION 10 OF THE PLAN.

Capitalized terms used, but not defined herein, shall have the meanings ascribed to such terms in the Plan.

* * *

I, _____, have executed this Release of Claims on the date set forth below:

_____
[Name]
Date

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to
Exchange Act Rules 13a-14(a) and 15d-14(a),
as Adopted Pursuant to
Section 302 of Sarbanes-Oxley Act of 2002

I, Jon Kessler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of HealthEquity, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 6, 2018

By: /s/ Jon Kessler
Name: Jon Kessler
Title: *Chief Executive Officer*
(Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial Officer
pursuant to
Exchange Act Rules 13a-14(a) and 15d-14(a),
as adopted pursuant to
Section 302 of Sarbanes-Oxley Act of 2002

I, Darcy Mott, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of HealthEquity, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 6, 2018

By: /s/ Darcy Mott

Name: Darcy Mott

Title: *Executive Vice President and Chief Financial Officer (Principal Financial Officer)*

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Jon Kessler, the Chief Executive Officer (Principal Executive Officer) of HealthEquity, Inc. (the "Company"), hereby certify that, to my knowledge:

1. Our Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 (the "Report"), of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 6, 2018

By: /s/ Jon Kessler
Name: Jon Kessler
Title: *Chief Executive Officer*
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Darcy Mott, Executive Vice President and Chief Financial Officer (Principal Financial Officer) of HealthEquity, Inc. (the "Company"), hereby certify that, to my knowledge:

1. Our Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 (the "Report"), of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 6, 2018

By:	/s/ Darcy Mott
Name:	Darcy Mott
Title:	*Executive Vice President and Chief Financial Officer (Principal Financial Officer)*