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, 2025
OR

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

Commission file number: 001-36568

HEALTHEQUITY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**52-2383166**
(State or other jurisdiction of incorporation or organization)	(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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.0001 per share	HQY	The NASDAQ Global Select Market

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 every Interactive Data File required to be submitted 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 such files). Yes ☑ No ☐

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

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	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 22, 2025, there were 86,156,334 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

(in thousands, except par value)		July 31, 2025		January 31, 2025
		(unaudited)		
Assets				
Current assets				
Cash and cash equivalents	$	304,461	$	295,948
Accounts receivable, net of allowance for doubtful accounts of $920 and $2,070 as of July 31, 2025 and January 31, 2025, respectively		111,164		118,006
Prepaid expenses and other current assets		77,207		63,795
Total current assets		492,832		477,749
Property and equipment, net		3,088		3,239
Operating lease right-of-use assets		39,756		43,185
Intangible assets, net		1,152,456		1,204,658
Goodwill		1,648,145		1,648,145
Other assets		80,401		71,574
Total assets	$	3,416,678	$	3,448,550
Liabilities and stockholders' equity				
Current liabilities				
Accounts payable	$	9,600	$	14,361
Accrued compensation		32,482		69,330
Accrued liabilities		64,543		62,631
Operating lease liabilities		9,950		10,001
Total current liabilities		116,575		156,323
Long-term liabilities				
Long-term debt, net of issuance costs		1,006,834		1,056,301
Operating lease liabilities, non-current		38,240		42,219
Other long-term liabilities		21,993		22,962
Deferred tax liability		86,615		55,834
Total long-term liabilities		1,153,682		1,177,316
Total liabilities		1,270,257		1,333,639
Commitments and contingencies (see Note 5)				
Stockholders' equity				
Preferred stock, $0.0001 par value, 100,000 shares authorized, no shares issued and outstanding as of July 31, 2025 and January 31, 2025, respectively		—		—
Common stock, $0.0001 par value, 900,000 shares authorized, 86,421 and 86,536 shares issued and outstanding as of July 31, 2025 and January 31, 2025, respectively		9		9
Additional paid-in capital		1,919,312		1,905,628
Accumulated other comprehensive income		203		—
Accumulated earnings		226,897		209,274
Total stockholders' equity		2,146,421		2,114,911
Total liabilities and stockholders' equity	$	3,416,678	$	3,448,550

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended July 31,		Six months ended July 31,	
(in thousands, except per share data)	2025	2024	2025	2024
Revenue				
Service revenue	$ 117,873	$ 116,720	$ 237,657	$ 234,934
Custodial revenue	159,876	138,684	316,331	260,328
Interchange revenue	48,086	44,524	102,691	92,263
Total revenue	325,835	299,928	656,679	587,525
Cost of revenue				
Service costs	75,156	76,915	163,161	159,262
Custodial costs	11,137	10,108	21,884	19,165
Interchange costs	6,947	8,853	14,728	17,908
Total cost of revenue	93,240	95,876	199,773	196,335
Gross profit	232,595	204,052	456,906	391,190
Operating expenses				
Sales and marketing	19,922	21,525	45,906	45,019
Technology and development	64,804	58,580	126,240	114,670
General and administrative	29,990	32,260	55,526	70,496
Amortization of acquired intangible assets	27,001	30,981	54,003	56,526
Merger integration	1,266	1,777	2,541	3,920
Total operating expenses	142,983	145,123	284,216	290,631
Income from operations	89,612	58,929	172,690	100,559
Other expense				
Interest expense	(14,955)	(15,427)	(29,813)	(27,222)
Other income, net	3,391	3,114	6,124	6,518
Total other expense	(11,564)	(12,313)	(23,689)	(20,704)
Income before income taxes	78,048	46,616	149,001	79,855
Income tax provision	18,194	10,794	35,232	15,220
Net income	$ 59,854	$ 35,822	$ 113,769	$ 64,635
Net income per share:				
Basic	$ 0.69	$ 0.41	$ 1.31	$ 0.74
Diluted	$ 0.68	$ 0.40	$ 1.29	$ 0.73
Weighted-average number of shares used in computing net income per share:				
Basic	86,550	87,131	86,601	86,805
Diluted	87,746	88,646	88,153	88,606

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended July 31,		Six months ended July 31,	
(in thousands, except per share data)	2025	2024	2025	2024
Net income	$ 59,854	$ 35,822	$ 113,769	$ 64,635
Other comprehensive income				
Cash flow hedges				
Net unrealized gains, net of income tax expense of $70 for each of the three and six months ended July 31, 2025	203	—	203	—
Total other comprehensive income	203	—	203	—
Comprehensive income	$ 60,057	$ 35,822	$ 113,972	$ 64,635

See accompanying notes to condensed consolidated financial statements.

HealthEquity, Inc. and subsidiaries
Condensed consolidated statements of stockholders’ equity (unaudited)

	Three months ended July 31,		Six months ended July 31,	
(in thousands)	**2025**	**2024**	**2025**	**2024**
Total stockholders' equity, beginning balance	$ 2,123,806	$ 2,097,784	$ 2,114,911	$ 2,035,021
Common stock:				
Beginning balance	9	9	9	9
Issuance of common stock	—	—	—	—
Ending balance	9	9	9	9
Additional paid-in capital:				
Beginning balance	1,905,444	1,863,334	1,905,628	1,829,384
Issuance of common stock	9,481	1,857	10,436	3,787
Stock-based compensation	19,068	21,574	33,404	53,594
Repurchases of common stock	(14,681)	—	(30,156)	—
Ending balance	1,919,312	1,886,765	1,919,312	1,886,765
Accumulated other comprehensive income:				
Beginning balance	—	—	—	—
Other comprehensive income	203	—	203	—
Ending balance	203	—	203	—
Accumulated earnings:				
Beginning balance	218,353	234,441	209,274	205,628
Repurchases of common stock	(51,310)	—	(96,146)	—
Net income	59,854	35,822	113,769	64,635
Ending balance	226,897	270,263	226,897	270,263
Total stockholders' equity, ending balance	$ 2,146,421	$ 2,157,037	$ 2,146,421	$ 2,157,037

See accompanying notes to condensed consolidated financial statements.

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

	Six months ended July 31,	
(in thousands)	**2025**	**2024**
Cash flows from operating activities:		
Net income	$ 113,769	$ 64,635
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	77,195	82,548
Stock-based compensation	33,404	53,594
Amortization of debt discount and issuance costs	533	1,428
Deferred taxes	30,711	(5,204)
Changes in operating assets and liabilities:		
Accounts receivable, net	6,842	(3,561)
Prepaid expenses and other current and non-current assets	(20,650)	(9,345)
Operating lease right-of-use assets	3,339	3,365
Accrued compensation	(35,032)	(12,706)
Accounts payable, accrued liabilities, and other current liabilities	(3,785)	7,267
Operating lease liabilities, non-current	(3,951)	(3,840)
Other long-term liabilities	(1,771)	(4,623)
Net cash provided by operating activities	200,604	173,558
Cash flows from investing activities:		
Purchases of software and capitalized software development costs	(26,464)	(25,329)
Purchases of property and equipment	(859)	(1,462)
Acquisitions of HSA portfolios	—	(452,241)
Net cash used in investing activities	(27,323)	(479,032)
Cash flows from financing activities:		
Principal payments on long-term debt	(50,000)	—
Repurchases of common stock	(125,810)	—
Proceeds from long-term debt	—	225,000
Settlement of client-held funds obligation, net	596	(828)
Proceeds from exercise of common stock options	10,446	4,216
Net cash provided by (used in) financing activities	(164,768)	228,388
Increase (decrease) in cash and cash equivalents	8,513	(77,086)
Beginning cash and cash equivalents	295,948	403,979
Ending cash and cash equivalents	$ 304,461	$ 326,893

See accompanying notes to condensed consolidated financial statements.

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

	Six months ended July 31,	
(in thousands)	**2025**	**2024**
Supplemental cash flow data:		
Interest expense paid in cash	$ 28,362	$ 26,970
Income tax payments, net	6,507	13,471
Supplemental disclosures of non-cash investing and financing activities:		
Purchases of software and capitalized software development costs included in accounts payable, accrued liabilities, or accrued compensation	3,380	3,370
Purchases of property and equipment included in accounts payable or accrued liabilities	155	70
Repurchases of common stock included in accrued liabilities	1,246	—
Non-cash purchase consideration related to acquisitions of HSA portfolios	—	20,325

See accompanying notes to condensed consolidated financial statements.

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

Note 1. Summary of business and significant accounting policies

Business

HealthEquity, Inc. ("HealthEquity" or the "Company") was incorporated in the state of Delaware on September 18, 2002. HealthEquity is a leader in administering health savings accounts (“HSAs”) and complementary consumer-directed benefits (“CDBs”), which empower consumers to access tax-advantaged healthcare savings while also providing corporate tax advantages for employers.

Principles of consolidation

The Company consolidates entities in which the Company has a controlling financial interest, which includes all of its wholly owned direct and indirect subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Segments

The Company is managed as a single operating segment that provides administration services in connection with HSAs and other CDBs, which reflects the way in which its chief operating decision maker (“CODM”), the Chief Executive Officer, reviews the Company's financial performance and makes decisions about resource allocation. The CODM assesses the performance of the Company, monitors actual financial results against budgets, and makes resource allocation decisions with a focus on the Company’s consolidated results as presented in the condensed consolidated statements of operations. The Company’s measure of profitability is net income. Single segment-level financial information, including total assets, significant non-cash transactions, and capital expenditures, is contained in the accompanying condensed consolidated financial statements and related notes.

The Company does not generate material international revenues. All long-lived assets are maintained in the United States of America.

Basis of presentation

The accompanying condensed consolidated financial statements as of July 31, 2025 and for the three and six months ended July 31, 2025 and 2024 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 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 fiscal year ended January 31, 2025. The fiscal year-end condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by GAAP.

Significant accounting policies

Derivative Financial Instruments and Hedging Activities

As required by Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging (ASC 815)*, the Company records derivative financial instruments at fair value as of each reporting date. Each of the Company's derivatives is designated as a cash flow hedge and presented on a gross basis within assets or liabilities in the Company's condensed consolidated balance sheets. The change in fair value of the derivatives is recorded to accumulated other comprehensive income ("AOCI") in the Company's condensed consolidated balance sheets and reclassified to custodial revenue in the period the hedged transactions affect earnings. Cash flows from hedging activities are classified as cash flows from investing activities in the condensed consolidated statements of cash flows. The Company assesses each derivative, both at inception and on an ongoing basis, to determine if the requirements for applying hedge accounting are met. The Company does not use derivative financial instruments for trading purposes. See Note 10—Derivative financial instruments and hedging activities for further information.

There have been no other material changes in the Company’s significant accounting policies as compared to the significant accounting policies described in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2025.

Recently adopted accounting pronouncements

None.

Recently issued accounting pronouncements not yet adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which improves the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the effective tax rate reconciliation and income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. This guidance is effective for annual periods beginning after December 15, 2024 and can be applied prospectively or retrospectively. We are currently evaluating the ASU to determine its impact on our income tax disclosures; however, the impact is not expected to be material.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. The ASU requires disaggregated information about certain income statement expense line items on an annual and interim basis. This guidance will be effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. The new standard permits early adoption and can be applied prospectively or retrospectively. We are evaluating the effect that this guidance will have on our consolidated financial statements and related disclosures.

Note 2. Net income per share

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

(in thousands, except per share data)	Three months ended July 31, 2025	Three months ended July 31, 2024	Six months ended July 31, 2025	Six months ended July 31, 2024
Numerator (basic and diluted):				
Net income	$ 59,854	$ 35,822	$ 113,769	$ 64,635
Denominator (basic):				
Weighted-average common shares outstanding	86,550	87,131	86,601	86,805
Denominator (diluted):				
Weighted-average common shares outstanding	86,550	87,131	86,601	86,805
Weighted-average dilutive effect of stock options and restricted stock units	1,196	1,515	1,552	1,801
Diluted weighted-average common shares outstanding	87,746	88,646	88,153	88,606
Net income per share:				
Basic	$ 0.69	$ 0.41	$ 1.31	$ 0.74
Diluted	$ 0.68	$ 0.40	$ 1.29	$ 0.73

For the three months ended July 31, 2025 and 2024, 0.2 million and 0.1 million shares, respectively, attributable to outstanding stock options and restricted stock units were excluded from the calculation of diluted net income per share as their inclusion would have been anti-dilutive.

For each of the six months ended July 31, 2025 and 2024, 0.1 million shares attributable to outstanding stock options and restricted stock units were excluded from the calculation of diluted net income per share as their inclusion would have been anti-dilutive.

Note 3. Supplemental financial statement information

Selected condensed consolidated balance sheet and condensed consolidated statement of operations components consisted of the following:

Property and equipment

Property and equipment consisted of the following:

(in thousands)	July 31, 2025	January 31, 2025
Leasehold improvements	$ 14,032	$ 13,966
Furniture and fixtures	6,478	6,708
Computer equipment	19,131	19,218
Property and equipment, gross	39,641	39,892
Accumulated depreciation	(36,553)	(36,653)
Property and equipment, net	$ 3,088	$ 3,239

Depreciation expense was $0.5 million and $1.1 million for the three and six months ended July 31, 2025, respectively, and $1.3 million and $2.7 million for the three and six months ended July 31, 2024, respectively.

Contract balances

The Company does not recognize revenue until its right to consideration is unconditional 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. As of July 31, 2025 and January 31, 2025, the balance of deferred revenue was $11.5 million and $17.1 million, respectively. The balances are related to cash received in advance for custodial and interchange revenue arrangements, other up-front fees and other commuter deferred revenue. The Company expects to recognize approximately 91% of its balance of deferred revenue as revenue over the next 12 months and the remainder thereafter. Amounts expected to be recognized as revenue within a period of 12 months or less are classified as accrued liabilities in the Company's condensed consolidated balance sheets, with the remainder included within other long-term liabilities. Revenue recognized during the three and six months ended July 31, 2025 that was included in the balance of deferred revenue as of January 31, 2025 was $3.3 million and $6.4 million, respectively. The Company expects to satisfy its remaining obligations for these arrangements.

Leases

The components of operating lease costs were as follows:

	Three months ended July 31,		Six months ended July 31,	
(in thousands)	2025	2024	2025	2024
Operating lease expense	$ 2,234	$ 2,257	$ 4,474	$ 4,624
Sublease income	(1,338)	(985)	(2,572)	(1,957)
Net operating lease expense	$ 896	$ 1,272	$ 1,902	$ 2,667

Other income, net

Other income, net, consisted of the following:

	Three months ended July 31,		Six months ended July 31,	
(in thousands)	2025	2024	2025	2024
Interest income	$ 3,364	$ 3,103	$ 6,097	$ 6,984
Other income (expense), net	27	11	27	(466)
Total other income, net	$ 3,391	$ 3,114	$ 6,124	$ 6,518

Supplemental cash flow information

Supplemental cash flow information related to the Company's operating leases was as follows:

(in thousands)	Six months ended July 31, 2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 5,075	$ 4,839
Right-of-use assets obtained in exchange for lease obligations	$ (90)	$ 1,469

Note 4. Intangible assets and goodwill

Intangible assets

The gross carrying amount and associated accumulated amortization of intangible assets were as follows:

	July 31, 2025		
(in thousands)	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortizable intangible assets:			
Software and software development costs	$ 335,767	$ (255,833)	$ 79,934
Acquired HSA portfolios	737,011	(149,174)	587,837
Acquired customer relationships	759,782	(282,666)	477,116
Acquired developed technology	132,825	(125,256)	7,569
Acquired trade names	12,900	(12,900)	—
Total amortizable intangible assets	$ 1,978,285	$ (825,829)	$ 1,152,456

	January 31, 2025		
(in thousands)	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortizable intangible assets:			
Software and software development costs	$ 312,234	$ (234,102)	$ 78,132
Acquired HSA portfolios	737,011	(124,606)	612,405
Acquired customer relationships	759,782	(256,820)	502,962
Acquired developed technology	132,825	(121,666)	11,159
Acquired trade names	12,900	(12,900)	—
Total amortizable intangible assets	$ 1,954,752	$ (750,094)	$ 1,204,658

Amortization expense was $38.0 million and $76.1 million for the three and six months ended July 31, 2025, respectively, and $42.3 million and $79.9 million for the three and six months ended July 31, 2024, respectively.

Goodwill

There were no changes to the carrying value of goodwill during the six months ended July 31, 2025.

Note 5. Commitments and contingencies

Commitments

The Company’s principal commitments consist of long-term debt, operating lease obligations, and other purchase obligations and contractual commitments. There were no material changes during the six months ended July 31, 2025, outside of the ordinary course of business, in the Company's commitments from those disclosed in its Annual Report on Form 10-K for the fiscal year ended January 31, 2025.

Contingencies

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnifications. The Company’s exposure under these agreements is unknown because it involves claims that may be made against the Company in the future but have

not yet been made. The Company accrues a liability for such matters when it is probable that future expenditures will be made and such expenditures can be reasonably estimated.

Legal matters

As a result of a cybersecurity incident in fiscal 2025 in which a business partner's user account containing personally identifiable information was breached, the Company is subject to multiple legal actions, including a consolidated putative class action lawsuit in federal court in the District of Utah and a mass arbitration action. The plaintiffs in these legal actions allege that the Company failed to implement reasonable data security practices, which resulted in a breach and disclosure of plaintiffs' and others' personally identifiable information and protected health information. The plaintiffs are seeking, among other damages, unspecified monetary damages, equitable relief, costs, and attorneys' fees arising out of the incident. With respect to the consolidated putative class action lawsuit, on August 22, 2024, the court issued an order granting a motion to consolidate the class action lawsuits, on October 15, 2024, a consolidated class action amended complaint was filed, on December 13, 2024, the Company filed a motion to dismiss the class action and a motion to compel arbitration, and on May 5, 2025, the court dismissed without prejudice the Company's motion to compel arbitration and the motion to dismiss, with the court noting that the Company could refile both motions after the conclusion of discovery. The Company intends to vigorously defend these remaining legal actions. In addition, the Company is subject to several regulatory inquiries related to the cybersecurity incident. The amount of the potential loss associated with these lawsuits and any potential regulatory action cannot be reasonably estimated based on currently available information.

The Company and its subsidiaries are involved in various other litigation, governmental proceedings, and claims, not described above, that arise in the normal course of business. It is not possible to determine the ultimate outcome or the duration of such litigation, governmental proceedings or claims, or the impact that such litigation, proceedings and claims will have on the Company's financial position, results of operations, and cash flows.

As required under GAAP, the Company records a provision for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. No loss accrual relating to these matters was recorded because, based on currently available information, the Company does not believe that any contingent liabilities relating to these matters are probable or that the amount of any resulting loss is estimable. However, litigation is subject to inherent uncertainties and the Company's view of these matters may change. Were an unfavorable outcome to occur, there exists the possibility of a material adverse impact on the Company's financial position, results of operations and cash flows for the period in which the unfavorable outcome occurs, and potentially in future periods.

Note 6. Indebtedness

Long-term debt consisted of the following:

(in thousands)	July 31, 2025	January 31, 2025
4.50% Senior Notes due 2029	$ 600,000	$ 600,000
Revolving Credit Facility	411,875	461,875
Principal amount	1,011,875	1,061,875
Less: unamortized discount and issuance costs (1)	5,041	5,574
Total debt, net	1,006,834	1,056,301
Less: current portion of long-term debt	—	—
Long-term debt, net	$ 1,006,834	$ 1,056,301

(1) In addition to the $5.0 million and $5.6 million of unamortized discount and issuance costs related to long-term debt as of July 31, 2025 and January 31, 2025, respectively, $6.8 million and $7.7 million of unamortized issuance costs related to the Company's Revolving Credit Facility are included within other assets in the condensed consolidated balance sheets as of July 31, 2025 and January 31, 2025, respectively.

4.50% Senior Notes due 2029

On October 8, 2021, the Company completed its offering of $600 million aggregate principal amount of its 4.50% Senior Notes due 2029 (the "Notes"). The Notes were issued under an indenture (the "Indenture"), dated October 8, 2021, among the Company, the guarantors party thereto, and Wells Fargo Bank, National Association, as trustee.

The Notes are guaranteed by each of the Company's existing, wholly owned domestic subsidiaries that guarantees its obligations under the Credit Agreement (as defined below) and are required to be guaranteed by any of the Company's future subsidiaries that guarantee its obligations under the Credit Agreement or certain of its other indebtedness. The Notes will mature on October 1, 2029. Interest on the Notes is payable on April 1 and October 1

of each year. Accrued interest on the Notes was $9.0 million at each of July 31, 2025 and January 31, 2025, which is included within accrued liabilities on the Company's condensed consolidated balance sheets. The effective interest rate on the Notes is 4.72%.

The Notes are unsecured senior obligations of the Company and rank equally in right of payment to all of its existing and future senior unsecured debt and senior in right of payment to all of its future subordinated debt.

The Notes are redeemable at the Company's option, in whole or in part, at any time on or after October 1, 2024, at a redemption price if redeemed during the 12 months beginning (i) October 1, 2024 of 102.250%, (ii) October 1, 2025 of 101.125%, and (iii) October 1, 2026 and thereafter of 100.000%, in each case of the principal amount of the Notes being redeemed, and together with accrued and unpaid interest, if any, to, but excluding, the date of redemption. The Company may be required to make an offer to purchase the Notes upon the sale of certain assets or upon specific kinds of changes of control.

The Indenture contains covenants that impose significant operational and financial restrictions on the Company; however, these covenants generally align with the covenants contained in the Credit Agreement. See "Credit Agreement" below for a description of these covenants.

Credit Agreement

On August 23, 2024, the Company entered into a Credit Agreement (the "Credit Agreement") among the Company, as borrower, each lender from time to time party thereto (the "Lenders"), JPMorgan Chase Bank, N.A., as administrative agent and the Swing Line Lender (as defined in the Credit Agreement), and each L/C Issuer (as defined therein) party thereto, pursuant to which the Company established a new five-year senior secured revolving credit facility (the "Revolving Credit Facility") in an aggregate principal amount of up to $1.0 billion (with a $25 million sub-limit for the issuance of letters of credit), a portion of which was used to refinance the Company's prior credit agreement. The Revolving Credit Facility may be used in the future for working capital and general corporate purposes, including the financing of acquisitions and other investments. As of July 31, 2025, the outstanding balance under the Revolving Credit Facility was $411.9 million, which is included within long-term debt, net of issuance costs, in the condensed consolidated balance sheet. The maturity date of the Revolving Credit Facility is August 23, 2029.

Subject to the terms and conditions set forth in the Credit Agreement (including obtaining additional commitments from one or more new or existing lenders), the Company may in the future incur additional loans or commitments under the Credit Agreement in an aggregate principal amount of up to $450 million, plus an additional amount so long as the Company's pro forma first lien net leverage ratio would not exceed 3.85 to 1.00 as of the date such loans or commitments are incurred.

Borrowings under the Revolving Credit Facility bear interest at an annual rate equal to, at the Company's option, either (i) the secured overnight financing rate published by the CME Group Benchmark Administration Limited ("Term SOFR") (subject to a 0.10% "credit spread adjustment") plus a margin ranging from 1.25% to 2.50% or (ii) an alternate base rate plus a margin ranging from 0.25% to 1.50%, with the applicable margin determined by reference to a leverage-based pricing grid set forth in the Credit Agreement. The Company is also required to pay certain fees to the Lenders, including, among others, a quarterly commitment fee on the average unused amount of the Revolving Credit Facility at a rate ranging from 0.25% to 0.50%, with the applicable rate also determined by reference to a leverage-based pricing grid set forth in the Credit Agreement. As of July 31, 2025, the interest rate on the Revolving Credit Facility was 5.96%.

The loans under the Revolving Credit Facility may be prepaid, and the commitments thereunder may be reduced by the Company without penalty or premium, subject to the reimbursement of customary "breakage costs."

The Credit Agreement contains customary affirmative and negative covenants, including covenants that limit, among other things, the ability of the Company and its subsidiaries to incur additional indebtedness, create liens, merge or dissolve, make investments, dispose of assets, engage in sale and leaseback transactions, make distributions and dividends and prepayments of junior indebtedness, engage in transactions with affiliates, enter into restrictive agreements, amend documentation governing junior indebtedness, modify its fiscal year and modify its organizational documents, in each case, subject to customary exceptions, thresholds, qualifications and "baskets." In addition, the Credit Agreement contains financial performance covenants, which require the Company to maintain (i) a maximum total net leverage ratio, measured as of the last day of each fiscal quarter, of no greater than 5.00 to 1.00 beginning with the fiscal quarter ended January 31, 2025, and (ii) a minimum consolidated interest coverage ratio, measured as of the last day of each fiscal quarter, of no less than 3.00 to 1.00 beginning with the fiscal quarter ended January 31, 2025. The Company was in compliance with all covenants under the Credit Agreement as of July 31, 2025 and for the period then ended.

The repayment obligation under the Credit Agreement may be accelerated upon the occurrence of an event of default thereunder, including, among other things, failure to pay principal, interest or fees on a timely basis, material inaccuracy of any representation or warranty, failure to comply with covenants, cross-default to other material debt, material judgments, change of control and certain insolvency or bankruptcy-related events, in each case, subject to any certain grace and/or cure periods.

The Company’s obligations under the Credit Agreement are required to be unconditionally guaranteed by each of its existing or subsequently acquired or organized direct and indirect domestic subsidiaries and are secured by security interests in substantially all assets of the Company and the guarantors, in each case, subject to certain customary exceptions.

Note 7. Income taxes

The Company follows ASC 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 pre-tax income through the end of the latest fiscal quarter to determine the interim income tax provision. For the three and six months ended July 31, 2025, the Company recorded an income tax provision of $18.2 million and $35.2 million, respectively. This resulted in an effective income tax rate of 23.3% and 23.6% for the three and six months ended July 31, 2025, respectively, compared with an effective income tax rate of 23.2% and 19.1% for the three and six months ended July 31, 2024, respectively. For the three and six months ended July 31, 2025, discrete tax items impacting the effective tax rate were primarily due to differences in tax deductible stock-based compensation compared to GAAP stock-based compensation expense and changes to net state deferred tax liabilities due to state apportionment changes. For the three and six months ended July 31, 2024, discrete tax items impacting the effective tax rate were primarily due to differences in tax deductible stock-based compensation compared to GAAP stock-based compensation expense.

As of July 31, 2025 and January 31, 2025, the Company’s total gross unrecognized tax benefit was $26.1 million and $24.1 million, respectively. If recognized, $22.7 million of the total gross unrecognized tax benefits would affect the Company's effective tax rate as of July 31, 2025.

The Company files income tax returns with U.S. federal and state taxing jurisdictions and is currently under examination by the states of California, New York, and Texas. Such examinations may lead to ordinary course adjustments or proposed adjustments to the Company's taxes, net operating losses, and/or tax credit carryforwards. As a result of the Company's net operating loss carryforwards and tax credit carryforwards, the Company remains subject to examination by one or more jurisdictions for tax years after 2006.

On July 4, 2025, President Trump signed into law the “One Big Beautiful Bill Act” (“OBBBA”), which contains several corporate tax provisions. The most significant provision for the Company is the immediate expensing of domestic research and experimental expenditures. Other OBBBA changes include bonus depreciation allowance on qualified business asset purchases and modifications to the business interest expense limitation calculation. Each of these changes may result in accelerated tax deductions during the current and future tax years. Tax payments for the fiscal years ending January 31, 2026 and January 31, 2027 are expected to be significantly reduced as a result of the accelerated tax deductions. However, the Company's total income tax expense and effective tax rate are not expected to materially change as a result of the new legislation.

Note 8. Stock-based compensation

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

	Three months ended July 31,		Six months ended July 31,	
(in thousands)	**2025**	**2024**	**2025**	**2024**
Cost of revenue	$ 3,114	$ 2,934	$ 6,501	$ 7,459
Sales and marketing	1,529	3,850	6,399	8,173
Technology and development	5,732	6,454	11,652	12,394
General and administrative	8,693	8,336	8,852	25,568
Total stock-based compensation expense	$ 19,068	$ 21,574	$ 33,404	$ 53,594

Stock award plans

Incentive Plan. The HealthEquity, Inc. 2024 Equity Incentive Plan (the "Incentive Plan") provides for the issuance of stock awards to team members, consultants, and directors of the Company. Subject to adjustment as provided in the Incentive Plan, as of July 31, 2025, the aggregate number of shares of the Company's common stock reserved and available for issuance pursuant to awards granted under the Incentive Plan was 3.0 million.

Stock options

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, 2025	369	$21.27 - 73.61	$ 48.13	2.5	$ 22,957
Exercised	(204)	$24.36 - 73.61	$ 51.29		
Outstanding as of July 31, 2025	165	$21.27 - 73.61	$ 44.25	1.9	$ 8,709
Vested and expected to vest as of July 31, 2025	165		$ 44.25	1.9	$ 8,709
Exercisable as of July 31, 2025	165		$ 44.25	1.9	$ 8,709

Restricted stock units

A summary of restricted stock unit ("RSU") and performance restricted stock unit ("PRSU") activity is as follows:

	RSUs and PRSUs	
(in thousands, except weighted-average grant date fair value)	**Shares**	**Weighted-average grant date fair value**
Outstanding as of January 31, 2025	2,882	$ 76.82
Granted	1,139	94.27
Vested	(1,048)	87.02
Forfeited	(370)	77.93
Outstanding as of July 31, 2025	2,603	$ 80.19

Performance restricted stock units. During the six months ended July 31, 2025, the Company awarded 139,451 PRSUs subject to a market condition based on the Company's total shareholder return relative to the Russell 3000 index as measured on January 31, 2028. The Company used a Monte Carlo simulation to determine that the grant date fair value of the awards was $17.7 million. Compensation expense is recorded over the requisite service period if the service condition is met regardless of whether the market condition is satisfied. The market condition allows for a range of vesting from 0% to 200% based on the level of performance achieved. The PRSUs cliff vest upon approval by the Talent, Compensation and Culture Committee of the board of directors.

In addition, during the six months ended July 31, 2025, the Company awarded 46,485 PRSUs subject to the achievement of certain financial criteria measured on January 31, 2028. The PRSUs cliff vest and are issued upon approval by the Talent, Compensation and Culture Committee. The Company records stock-based compensation related to PRSUs over the requisite service period when it is considered probable that the performance conditions will be met. The Company believes it is probable that the PRSUs will vest at least in part. The vesting of the PRSUs will ultimately range from 0% to 200% of the number of shares underlying the PRSU grant based on the level of achievement of the performance goals.

Each of the PRSUs granted during the six months ended July 31, 2025 contains a provision such that upon the award holder's eligible retirement, the PRSUs would remain outstanding and eligible to vest based on achievement of their respective market or performance conditions without regard to the award holder's continued employment on the vesting date. Based on the application of ASC 718, *Compensation - Stock Compensation*, expense is recognized over the requisite service period, which ends on the earlier of (1) the date of approval by the Talent, Compensation and Culture Committee or (2) the date the award holder becomes eligible for retirement (defined as at least 55 years old with at least 10 years of service at the Company). As a result, the expense associated with PRSUs granted to retirement-eligible individuals was recorded on the grant date.

Note 9. Stockholders' equity

Stock repurchase programs

In June 2025, the Company announced that its board of directors authorized a new common stock repurchase program (the “2025 Stock Repurchase Program"), supplementing the $300 million common stock repurchase program approved in August 2024 (the “2024 Stock Repurchase Program"). Under the 2025 Stock Repurchase Program, the Company may purchase up to an additional $300 million of its common stock, as market conditions warrant. The 2025 Stock Repurchase Program will allow the Company to continue to opportunistically repurchase shares after the 2024 Stock Repurchase Program has been exhausted.

The common stock may be repurchased at prices that the Company deems appropriate and subject to market conditions, applicable law, and other factors deemed relevant in the Company's sole discretion. Such repurchases may be effected through open market purchases, privately negotiated transactions or otherwise, including repurchase plans that satisfy the conditions of Rule 10b5-1 under the Securities Exchange Act of 1934. The stock repurchase programs do not obligate the Company to repurchase any dollar amount or number of shares of common stock, and the programs may be suspended or discontinued at any time.

The following table sets forth the common stock repurchased and subsequently retired during the three and six months ended July 31, 2025:

	Three months ended July 31, 2025		Six months ended July 31, 2025	
(in thousands)	**Shares**	**Amount**	**Shares**	**Amount**
Common stock repurchases (1)	665	$ 65,991	1,367	$ 126,302

(1) Shares repurchased include unsettled repurchases as of July 31, 2025. Transaction fees and excise tax were recorded as part of the repurchase price.

All repurchases were made in open market transactions. The excess of repurchase price over par value was allocated between additional paid-in capital and retained earnings. As of July 31, 2025, $351.8 million of common stock remained authorized for repurchase under the Company's common stock repurchase programs.

Accumulated other comprehensive income

As of July 31, 2025, AOCI consisted of unrealized gains on cash flow hedges, net.

Note 10. Derivative financial instruments and hedging activities

Yields paid by the Company's depository partners and insurance company partners are impacted by the prevailing interest rate environment at the time HSA cash is placed with those partners. The Company uses Treasury bond forwards to hedge a portion of the benchmark interest rate risk of expected future transitions of HSA cash currently held by its depository partners into group annuity contracts or similar arrangements with its insurance company partners. These derivatives involve the Company and its counterparty agreeing to fix the price of a specified Treasury bond on a future date, ranging from January 2026 to January 2027, resulting in cash settlement for the difference between the fixed price and the market price on that date. The parties may elect net settlement of multiple transactions under certain conditions; however, the Company presents its derivative assets and liabilities on a gross basis on its condensed consolidated balance sheets. The gain or loss on the derivative is recorded in AOCI and subsequently reclassified into custodial revenue in the same periods during which the hedged transaction affects custodial revenue earned from the Company's insurance company partners. As of July 31, 2025, each of the Company's derivatives was designated as a cash flow hedge. The Company did not use derivatives prior to fiscal 2026.

As of the July 31, 2025, the weighted average interest rate indicated by the Company's Treasury bond forwards was 4.05%.

Notional amount of derivative contracts

The notional amount of the Company's derivative instruments was as follows:

	July 31, 2025		January 31, 2025	
(in thousands, except number of instruments)	Number of instruments	Notional	Number of instruments	Notional
Treasury bond forwards	10	$ 1,250,000	—	$ —

Fair value of derivative contracts

The table below presents the fair value of the Company’s derivatives as well as their classification in the condensed consolidated balance sheet.

	July 31, 2025			
	Derivative assets		Derivative liabilities	
(in thousands)	Other current assets	Other assets	Accrued liabilities	Other long-term liabilities
Treasury bond forwards	$ 1,114	$ 1,081	$ (1,120)	$ (802)

Effect of derivatives on the condensed consolidated financial statements

The pre-tax gains on the Company's cash flow hedges recognized in AOCI were as follows:

	Three months ended July 31,		Six months ended July 31,	
(in thousands)	**2025**	**2024**	**2025**	**2024**
Treasury bond forwards	$ 273	$ —	$ 273	$ —

No reclassification from AOCI to earnings was recorded with respect to the Company's derivatives during the six months ended July 31, 2025 or 2024. The estimated net amount of existing gains reported in AOCI as of July 31, 2025 that is expected to be reclassified into earnings within the next 12 months is immaterial.

Note 11. 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
- Level 3—unobservable inputs based on the Company’s own assumptions.

Cash and cash equivalents are considered Level 1 instruments and are valued based on publicly available daily net asset values. The carrying values of cash and cash equivalents approximate fair values due to the short-term nature of these instruments.

The Notes are valued based upon quoted market prices and are considered Level 2 instruments because the markets in which the Notes trade are not considered active markets. As of July 31, 2025, the fair value of the Notes was $578.9 million.

The Revolving Credit Facility is considered a Level 2 instrument, and the amounts outstanding thereunder are recorded at book value in the Company's condensed consolidated financial statements. The Revolving Credit Facility reprices frequently due to variable interest rate terms and entails no significant changes in credit risk. As a result, the fair value of the Revolving Credit Facility approximates carrying value.

The Company classifies derivative instruments as Level 2 within the fair value hierarchy. These instruments are valued using industry standard valuation models that use observable inputs such as interest rate curves and implied volatilities.

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 our ability to integrate acquired businesses, the anticipated synergies and other benefits of acquired businesses and any future acquisitions, health savings accounts and other tax-advantaged consumer-directed benefits, tax and other regulatory changes, market opportunity, our future financial and operating results, our investment and acquisition strategy, our 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, 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 fiscal year ended January 31, 2025 and 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 providing technology-enabled services that empower consumers to make healthcare saving and spending decisions. We use our innovative technology to manage consumers' tax-advantaged health savings accounts ("HSAs") and other consumer-directed benefits ("CDBs") offered by employers, including flexible spending accounts and health reimbursement arrangements (“FSAs” and “HRAs”), and to administer Consolidated Omnibus Budget Reconciliation Act (“COBRA”), commuter and other benefits. As part of our services, we provide consumers with payment processing services, personalized benefit information, the ability to earn wellness incentives, and investment advice to grow their tax-advantaged healthcare savings.

The core of our offerings is the HSA, a financial account through which consumers spend and save long-term for healthcare expenses on a tax-advantaged basis. As of July 31, 2025, we administered 10.0 million HSAs, with balances totaling $33.1 billion, which we call HSA Assets, as well as 7.2 million complementary CDBs. We refer to the aggregate number of HSAs and other CDBs that we administer as Total Accounts, of which we had 17.1 million as of July 31, 2025.

We reach consumers primarily through relationships with their employers, which we call Clients. We reach Clients primarily through relationships with benefits brokers and advisors, integrated partnerships with a network of health plans, benefits administrators, benefits brokers and consultants, and retirement plan recordkeepers, which we call Network Partners, and a sales force that calls on Clients directly.

We have increased our share of the growing HSA market from 4% in December 2010 to 21% as of December 2024, measured by HSA Assets. According to the 2024 Year-End Devenir HSA Research Report, as of December 2024, we were the largest HSA provider by number of accounts and the second largest HSA provider by HSA Assets. In addition, we believe we are the largest provider of other CDBs. We seek to differentiate ourselves through our service-driven culture, product breadth, ecosystem connectivity, and proprietary technology. Our proprietary technology allows us to help consumers optimize the value of their HSAs and other CDBs and gain confidence and skills in managing their healthcare costs as part of their financial security.

Our ability to assist consumers is enhanced by our capacity to securely share data in both directions with others in the health, benefits, and retirement ecosystems. Our commuter benefits offering also leverages connectivity to an ecosystem of mass transit, ride hailing, and parking providers.

We earn revenue primarily from three sources: service, custodial, and interchange. We earn service revenue mainly from fees paid by our Network Partners, Clients, and members for the administration services we provide in connection with the HSAs and other CDBs we offer. We earn custodial revenue primarily from HSA cash held by our federally insured bank and credit union partners, which we collectively call our Depository Partners, HSA cash held by our insurance company partners, and Client-held funds deposited with our Depository Partners. We earn interchange revenue mainly from fees paid by merchants on payments that our members make using our physical payment cards and on our virtual payment system. See “Key components of our results of operations” for additional information on our sources of revenue.

BenefitWallet HSA portfolio acquisition

In fiscal 2025, we acquired the BenefitWallet HSA portfolio, comprised of approximately 616,000 HSAs plus other accounts with $2.7 billion of HSA Assets, from Conduent Business Services, LLC for a purchase price of $425.0 million. We paid the purchase price using $225.0 million of borrowings under our revolving credit facility, with the remainder paid using cash on hand.

Key factors affecting our performance

We believe that our future performance will be 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 also the section entitled “Risk factors” included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2025 and our other reports filed with the SEC.

Our acquisition and integration strategy

We have historically acquired HSA portfolios and businesses that strengthen our service offerings. We plan to continue this growth strategy and are regularly engaged in evaluating different opportunities. We have developed an internal capability to source, evaluate, and integrate acquired HSA portfolios. Our success depends in part on our ability to successfully integrate acquired businesses and HSA portfolios with our business in an efficient and effective manner.

Structural change in U.S. health insurance

We derive revenue primarily from healthcare-related saving and spending by consumers in the U.S., which are driven by changes in the broader healthcare industry, including the structure of health insurance. The average family premium for employer-sponsored health insurance has risen by 24% since 2019 and 52% since 2014, resulting in increased participation in HSA-qualified health plans and HSAs and increased consumer cost-sharing in health insurance more generally. In July 2025, the “One Big Beautiful Bill Act” was signed into law, which extended HSA availability to individuals with Bronze and Catastrophic health plans and expanded HSA eligibility to include a broader range of healthcare services. We believe that continued growth in healthcare costs and related factors will spur continued growth in HSA-qualified health plans and HSAs and may encourage additional policy changes making HSAs or similar vehicles available to new populations such as individuals in Medicare. However, the timing and impact of these and other developments in U.S. healthcare are uncertain. Moreover, changes in healthcare policy, such as "Medicare for all" plans, could materially and adversely affect our business in ways that are difficult to predict.

Trends in U.S. tax law

Tax law has a profound impact on our business. Our offerings to members, Clients, and Network Partners consist primarily of services enabled, mandated, or advantaged by provisions of U.S. tax law and regulations. Changes in tax policy are speculative and may affect our business in ways that are difficult to predict.

Our client base

Our business model is based on a B2B2C distribution strategy, whereby we work with Network Partners and Clients to reach consumers to increase the number of our members with HSA accounts and complementary CDBs. We believe that there are significant opportunities to expand the scope of services that we provide to our current Clients.

Broad distribution footprint

We believe we have a diverse distribution footprint to attract new Clients and Network Partners. Our sales force calls on enterprise and regional employers in industries across the U.S., as well as potential Network Partners from among health plans, benefits administrators, and retirement plan record keepers. Our Network Partners are a key channel through which we gain access to Clients and members. Our Network Partners collectively employ thousands of sales representatives and account managers who promote both the Network Partners' products and our products and services. Our sales representatives and account management teams work with and train the sales representatives and account management teams of our Network Partners.

Product breadth

We are a market-share leader in the administration of HSAs and each of the major categories of complementary CDBs, including FSAs and HRAs, COBRA and commuter benefits. Our Clients and their benefits advisors increasingly seek HSA providers that can deliver an integrated offering of HSAs and complementary CDBs. With our CDB capabilities, we can provide employers with a single partner for both HSAs and complementary CDBs, which is preferred by the vast majority of employers, according to research conducted for us by Aite Group. We believe that the combination of HSA and complementary CDB offerings significantly strengthens our value proposition to employers, health benefits brokers and consultants, and Network Partners as a leading single-source provider.

Interest rates

As a non-bank custodian, our members' custodial HSA cash assets are held by either our federally insured Depository Partners (our "Basic Rates" offering), pursuant to contractual arrangements we have with these Depository Partners, or by our insurance company partners through group annuity contracts or other similar arrangements (our "Enhanced Rates" offering). For the reasons described below, we have encouraged our members to place more of their HSA cash in our Enhanced Rates offering. As our Basic Rates contracts expire, the HSA cash held in those Basic Rates contracts will transition to Enhanced Rates contracts, subject to our members retaining the right to keep their HSA cash in Basic Rates.

The lengths of our agreements with Depository Partners typically range from three to five years and may have fixed or variable interest rate terms. The terms of new and renewing agreements with our Depository Partners are impacted by the then-prevailing interest rate environment, which in turn is driven by macroeconomic factors and government policies over which we have no control. Such factors, and the response of our competitors to them, also determine the amount of interest retained by our members.

HSA members who place their HSA cash into our Enhanced Rates offering retain a higher yield compared to our Basic Rates offering. An increase in the percentage of HSA cash held in our Enhanced Rates offering also positively impacts our custodial revenue, as we generally receive a higher yield on HSA cash held by our insurance company partners compared to cash held by our Depository Partners. As with our Depository Partners, yields paid by our insurance company partners are impacted by the prevailing interest rate environment, which in turn is driven by macroeconomic factors and government policies over which we have no control. Such factors, and the response of our competitors to them, also determine the amount of interest retained by our members.

We believe that increased participation in our Enhanced Rates offering, diversification of Depository Partners and insurance company partners, varied contract terms, and other factors reduce our exposure to short-term fluctuations in prevailing interest rates and mitigate the short-term impact of sustained increases or declines in prevailing interest rates on our custodial revenue. In addition, as further described in Note 10—Derivative financial instruments and hedging activities, the Company uses Treasury bond forwards to hedge a portion of the benchmark interest rate risk of expected future transitions of HSA cash from our Basic Rates offering to our Enhanced Rates offering. Over longer periods, sustained shifts in prevailing interest rates affect the amount of custodial revenue we can realize on custodial assets and the interest retained by our members.

Interest on our revolving credit facility changes frequently due to variable interest rate terms, and as a result, our interest expense is expected to fluctuate based on changes in prevailing interest rates.

Our proprietary technology

We believe that innovations incorporated in our technology differentiate us from our competitors and help drive our growth by enabling us to better assist consumers to make healthcare saving and spending decisions and maximize the value of their tax-advantaged benefits. Our full suite of CDB offerings complements our HSA solution and enhances our leadership position within the HSA sector. We are currently investing in a modernization of our proprietary technology platforms to support new opportunities and enhance security, privacy and platform infrastructure, while maintaining existing applications, features, and services. For example, we are continuing to

make investments in the architecture and infrastructure of the technology that we use to provide our services to improve our transaction processing capabilities and support continued account and transaction growth, as well as in data-driven personalized engagement to help our members spend less, save more, and build wealth for retirement. In addition, we are investing in technology solutions to meet the evolving needs of our members, Clients and Network Partners. Our current innovation efforts include, among others, increasing member and client self-service capabilities, developing APIs, driving electronic communication rather than paper, increasing straight-through processing, improving overall process times utilizing both traditional robotic process automation, and increasingly through AI tools including the Expedited Claims and HSAnswers tools, leveraging chip-enabled stacked cards, and mobile wallet.

Our Purple culture

A successful healthcare consumer needs education and guidance delivered by people as well as by technology. The education and customer service we provide is driven by our Purple culture, which we believe is a significant factor in our ability to attract and retain customers and to address opportunities in the rapidly changing healthcare sector. We invest in and intend to continue to invest in human capital through technology-enabled training, career development, and advancement opportunities.

Our competition and industry

Our direct competitors are HSA custodians and other CDB providers. Many of these are state or federally chartered banks and other financial institutions for which we believe benefits administration services are not a core business. Some of our direct competitors (including well-known retail investment companies, such as Fidelity Investments, and healthcare service companies such as UnitedHealth Group's Optum and Webster Bank) are in a position to devote more resources to the development, sale, and support of their products and services than we have at our disposal. Our other CDB administration competitors include health insurance carriers, human resources consultants and outsourcers, payroll providers, national CDB specialists, regional third-party administrators, and commercial banks. In addition, numerous indirect competitors, including benefits administration service providers, partner with banks and other HSA custodians to compete with us. Our Network Partners and ecosystem partners may also choose to offer competitive 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, the Employee Retirement Income Security Act and Department of Labor regulations, and public health regulations that govern the provision of health insurance and provide the tax advantages associated with our services, 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 privacy regulations that can affect our business. Various states also have laws and regulations that impose additional restrictions on our collection, storage, and use of personally identifiable information. Privacy regulation in particular has become a priority issue in many states, including, for example, the California Privacy Rights Act. 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.

Key financial and operating metrics

We regularly review 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.

Total Accounts

The following table sets forth our HSAs, CDBs, and Total Accounts as of and for the periods indicated:

(in thousands, except percentages)	July 31, 2025	July 31, 2024	% Change	January 31, 2025
HSAs	9,989	9,383	6 %	9,889
New HSAs from sales - Quarter-to-date	163	187	(13)%	471
New HSAs from sales - Year-to-date	312	382	(18)%	1,040
New HSAs from acquisitions - Year-to-date	—	616	*	616
HSAs with investments	782	711	10 %	753
CDBs	7,153	6,898	4 %	7,144
Total Accounts	17,142	16,281	5 %	17,033
Average Total Accounts - Quarter-to-date	17,044	16,214	5 %	16,677
Average Total Accounts - Year-to-date	17,083	16,066	6 %	16,302

* Not meaningful

The number of our HSAs and CDBs are key metrics because our revenue is driven by the amount we earn from them. The number of our HSAs increased by 0.6 million, or 6%, from July 31, 2024 to July 31, 2025, driven by new HSAs from sales. The number of our CDBs increased by 0.3 million, or 4%, from July 31, 2024 to July 31, 2025, primarily driven by an increase in HRA and FSA accounts, partially offset by a decrease in other CDBs.

HSA Assets

The following table sets forth HSA Assets as of and for the periods indicated:

(in millions, except percentages)	July 31, 2025	July 31, 2024	% Change	January 31, 2025
HSA cash	$ 17,035	$ 16,368	4 %	$ 17,435
HSA investments	16,102	13,099	23 %	14,676
Total HSA Assets	33,137	29,467	12 %	32,111
Average daily HSA cash - Quarter-to-date	17,017	16,363	4 %	16,634
Average daily HSA cash - Year-to-date	17,149	15,875	8 %	16,206

HSA Assets include our HSA members' custodial assets, which consist of the following components: (i) HSA cash, which includes member cash held by our Depository Partners and our insurance company partners, and (ii) HSA investments, which includes member investments held by our custodial investment partner. Measuring HSA Assets is important because our custodial revenue is directly affected by average daily custodial balances for HSA Assets that are revenue generating.

HSA cash increased by $0.7 billion, or 4%, from July 31, 2024 to July 31, 2025, due to net HSA contributions from new and existing HSA members, partially offset by transfers to HSA investments.

HSA investments increased by $3.0 billion, or 23%, from July 31, 2024 to July 31, 2025, due to the increased market value of invested balances and transfers from HSA cash.

Total HSA Assets increased by $3.7 billion, or 12%, from July 31, 2024 to July 31, 2025, primarily due to the increased market value of invested balances and net HSA contributions from new and existing HSA members.

The following table summarizes the amount of HSA cash held by our Depository Partners and insurance company partners that is expected to reprice by fiscal year and the respective average annualized yield currently earned on that HSA cash as of July 31, 2025:

Year ending January 31, (in billions, except percentages)	HSA cash expected to reprice	Average annualized yield
Remainder of 2026	$ 1.3	1.7 %
2027	4.1	2.0 %
2028	2.2	4.1 %
2029	1.5	3.7 %
Thereafter	7.3	4.5 %
Total (1)	$ 16.4	3.5 %

(1) Excludes $0.6 billion of HSA cash held in floating-rate contracts as of July 31, 2025.

Client-held funds

(in millions, except percentages)	July 31, 2025	July 31, 2024	% Change	January 31, 2025
Client-held funds	$ 818	$ 817	0 %	$ 896
Average daily Client-held funds - Quarter-to-date	884	860	3 %	798
Average daily Client-held funds - Year-to-date	893	850	5 %	817

Client-held funds are interest-earning deposits from which we generate custodial revenue. These deposits are amounts remitted by Clients and held by us on their behalf to pre-fund and facilitate administration of CDBs. We deposit the Client-held funds with our Depository Partners in interest-bearing, demand deposit accounts that have a floating interest rate and no set term or duration. Client-held funds fluctuate depending on the timing of funding and spending of CDB balances and the number of CDBs we administer.

Adjusted EBITDA

We define Adjusted EBITDA, which is a non-GAAP financial metric, as earnings before interest, taxes, depreciation and amortization, amortization of acquired intangible assets, stock-based compensation expense, merger integration expenses, acquisition costs, gains and losses on equity securities, amortization of incremental costs to obtain a contract, costs associated with unused office space, 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 the periods indicated:

	Three months ended July 31,		Six months ended July 31,	
(in thousands)	2025	2024	2025	2024
Net income	$ 59,854	$ 35,822	$ 113,769	$ 64,635
Interest income	(3,364)	(3,103)	(6,097)	(6,984)
Interest expense	14,955	15,427	29,813	27,222
Income tax provision	18,194	10,794	35,232	15,220
Depreciation and amortization	11,453	12,629	23,192	26,022
Amortization of acquired intangible assets	27,001	30,981	54,003	56,526
Stock-based compensation expense	19,068	21,574	33,404	53,594
Merger integration expenses	1,266	1,777	2,541	3,920
Amortization of incremental costs to obtain a contract	1,951	1,681	3,877	3,313
Costs associated with unused office space	723	806	1,575	1,596
Other	(27)	(101)	(27)	658
Adjusted EBITDA	$ 151,074	$ 128,287	$ 291,282	$ 245,722

The following table sets forth our net income as a percentage of revenue:

(in thousands, except percentages)	Three months ended July 31, 2025	Three months ended July 31, 2024	$ Change	% Change	Six months ended July 31, 2025	Six months ended July 31, 2024	$ Change	% Change
Net income	$ 59,854	$ 35,822	$ 24,032	67 %	$ 113,769	$ 64,635	$ 49,134	76 %
As a percentage of revenue	18 %	12 %			17 %	11 %		

Our net income increased by $24.0 million, or 67%, from the three months ended July 31, 2024 to the three months ended July 31, 2025, primarily due to an increase in gross profit and a decrease in operating expenses and other expense, partially offset by an increase in income tax provision, as described more fully in the section entitled "Comparison of the three and six months ended July 31, 2025 and 2024."

Our net income increased by $49.1 million, or 76%, from the six months ended July 31, 2024 to the six months ended July 31, 2025, primarily due to an increase in gross profit and a decrease in operating expenses, partially offset by an increase in income tax provision and other expense, as described more fully in the section entitled "Comparison of the three and six months ended July 31, 2025 and 2024."

The following table sets forth our Adjusted EBITDA as a percentage of revenue:

(in thousands, except percentages)	Three months ended July 31, 2025	Three months ended July 31, 2024	$ Change	% Change	Six months ended July 31, 2025	Six months ended July 31, 2024	$ Change	% Change
Adjusted EBITDA	$ 151,074	$ 128,287	$ 22,787	18 %	$ 291,282	$ 245,722	$ 45,560	19 %
As a percentage of revenue	46 %	43 %			44 %	42 %		

Our Adjusted EBITDA increased by $22.8 million, or 18%, from the three months ended July 31, 2024 to the three months ended July 31, 2025, primarily due to an increase in total revenue and efficiencies resulting from our technology investments, partially offset by increases in software costs and costs to support the increase in Total Accounts and member interactions.

Our Adjusted EBITDA increased by $45.6 million, or 19%, from the six months ended July 31, 2024 to the six months ended July 31, 2025, primarily due to an increase in total revenue and efficiencies resulting from our technology investments, partially offset by increases in software costs and costs to support the increase in Total Accounts and member interactions.

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

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Non-GAAP net income

Non-GAAP net income is calculated by adding back to GAAP net income before income taxes the following items: amortization of acquired intangible assets, stock-based compensation expense, merger integration expenses, acquisition costs, gains and losses on equity securities, costs associated with unused office space, and losses on extinguishment of debt, and subtracting a non-GAAP tax provision using a normalized non-GAAP tax rate. We believe that non-GAAP net income and non-GAAP net income per diluted share provide 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 these non-GAAP metrics reflect operating profitability before consideration of certain non-operating expenses and non-cash expenses and serve 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 non-GAAP net income for the periods indicated:

	Three months ended July 31,		Six months ended July 31,	
(in thousands, except per share data)	**2025**	**2024**	**2025**	**2024**
Net income	$ 59,854	$ 35,822	$ 113,769	$ 64,635
Income tax provision	18,194	10,794	35,232	15,220
Income before income taxes - GAAP	78,048	46,616	149,001	79,855
Non-GAAP adjustments:				
Amortization of acquired intangible assets	27,001	30,981	54,003	56,526
Stock-based compensation expense	19,068	21,574	33,404	53,594
Merger integration expenses	1,266	1,777	2,541	3,920
Costs associated with unused office space	723	806	1,575	1,596
Total adjustments to income before income taxes - GAAP	48,058	55,138	91,523	115,636
Income before income taxes - Non-GAAP	126,106	101,754	240,524	195,491
Income tax provision - Non-GAAP (1)	31,526	25,439	60,130	48,873
Non-GAAP net income	94,580	76,315	180,394	146,618
Diluted weighted-average shares	87,746	88,646	88,153	88,606
GAAP net income per diluted share	$ 0.68	$ 0.40	$ 1.29	$ 0.73
Non-GAAP net income per diluted share	$ 1.08	$ 0.86	$ 2.05	$ 1.65

(1) The Company utilizes a normalized non-GAAP tax rate to provide better consistency across the interim reporting periods within a given fiscal year by eliminating the effects of non-recurring and period-specific items, which can vary in size and frequency, and which are not necessarily reflective of the Company's longer-term operations. The normalized non-GAAP tax rate applied to each period presented was 25%. The Company may adjust its non-GAAP tax rate as additional information becomes available and in conjunction with any other significant events occurring that may materially affect this rate, such as merger and acquisition activity, changes in business outlook, or other changes in expectations regarding tax regulations.

Our non-GAAP net income increased by $18.3 million, or 24%, from the three months ended July 31, 2024 to the three months ended July 31, 2025, primarily due to an increase in total revenue and efficiencies resulting from our technology investments, partially offset by increases in software costs and costs to support the increase in Total Accounts and member interactions.

Our non-GAAP net income increased by $33.8 million, or 23%, from the six months ended July 31, 2024 to the six months ended July 31, 2025, primarily due to an increase in total revenue and efficiencies resulting from our technology investments, partially offset by increases in software costs and costs to support the increase in Total Accounts and member interactions.

Our use of non-GAAP net income has limitations as an analytical tool and 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, Clients, and members for the administration services we provide in connection with the HSAs and other CDBs we offer. With respect to our Network Partners and Clients, our fees are generally based on a fixed tiered structure for the duration of the relevant service agreement and are paid to us on a monthly basis. In addition, once a member's HSA cash balance reaches a certain threshold, the member is able to invest his or her HSA Assets through our investment partner from which we earn recordkeeping and advisory fees, calculated as a percentage of the member's HSA investments. We recognize revenue on a monthly basis as services are rendered to our members and Clients.

Custodial revenue. We earn custodial revenue primarily from HSA cash held by our Depository Partners or our insurance company partners and Client-held funds held by our Depository Partners. HSA cash is held by our Depository Partners pursuant to contracts that (i) typically have terms ranging from three to five years, (ii) provide for a fixed or variable interest rate payable on the average daily cash balances held by the relevant Depository Partner, and (iii) have minimum and maximum required balances. HSA cash held by our insurance company partners is held in group annuity contracts or similar arrangements. Client-held funds held by our Depository Partners are held in interest-bearing demand deposit accounts that have a floating interest rate and no set term or duration. We earn custodial revenue on HSA cash and Client-held funds that is based on the interest rates offered to us by these Depository Partners and insurance company partners.

Interchange revenue. We earn interchange revenue each time one of our members uses one of our physical payment cards or virtual platforms to make a purchase. This revenue is collected each time a member “swipes” our payment card to pay expenses. We recognize interchange revenue monthly based on reports received from third parties, namely, the card-issuing banks and card processors.

Cost of revenue

Service costs. Service costs are comprised of costs related to servicing accounts, managing Client and Network 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), costs to reimburse members from outside fraud activity, new member and participant supplies, and other operating costs related to servicing our members.

Custodial costs. Custodial costs are comprised of interest retained by our HSA members on HSA cash and fees we pay to banking consultants whom we use to help secure agreements with our 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 FSA- and HRA-linked payment card transactions, payment card costs are higher for FSA and HRA transactions than for HSA 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 interest rates, the amount we charge our Network Partners, Clients, and members, the mix of our sources of revenue, how many services we deliver per account, and payment processing costs per account.

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 development and delivery, licensed software, information technology, data management, product, and

security. Technology and development expenses also include software engineering services, the costs of operating our 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, internal audit, corporate development, 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 intangible assets acquired in connection with business combinations. The assets include acquired customer relationships, acquired developed technology, and acquired trade names and trademarks, which we amortize over the assets' estimated useful lives, estimated to be 7-15 years, 2-5 years, and 3 years, respectively. We also acquired intangible HSA portfolios from third-party custodians. We amortize these assets over the assets' estimated useful life of 15 years. We evaluate our acquired intangible assets for impairment annually, or at a triggering event.

Merger integration. Merger integration expenses include personnel and related expenses, including severance, professional fees, legal expenses and settlements, and facilities and technology expenses directly related to integration activities to merge operations as a result of acquisitions.

Interest expense

Interest expense consists primarily of accrued interest expense and amortization of deferred financing costs associated with our long-term debt. Interest on our revolving credit facility changes frequently due to variable interest rate terms, and as a result, our interest expense is expected to fluctuate based on changes in prevailing interest rates.

Other income, net

Other income, net, consists of interest income earned on corporate cash and other miscellaneous income and expense.

Income tax provision

We are subject to federal and state income taxes in the United States based on a January 31 fiscal year end. 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. Valuation allowances are established when necessary to reduce net deferred tax assets to the amount expected to be realized. As of July 31, 2025, we have not recorded a valuation allowance on federal deferred tax assets, but we have recorded a valuation allowance on certain state deferred tax assets. We maintain an overall net federal and state deferred tax liability in our condensed consolidated balance sheet.

Comparison of the three and six months ended July 31, 2025 and 2024

Revenue

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

	Three months ended July 31,				Six months ended July 31,			
(in thousands, except percentages)	**2025**	**2024**	**$ Change**	**% Change**	**2025**	**2024**	**$ Change**	**% Change**
Service revenue	$ 117,873	$ 116,720	$ 1,153	1 %	$ 237,657	$ 234,934	$ 2,723	1 %
Custodial revenue	159,876	138,684	21,192	15 %	316,331	260,328	56,003	22 %
Interchange revenue	48,086	44,524	3,562	8 %	102,691	92,263	10,428	11 %
Total revenue	$ 325,835	$ 299,928	$ 25,907	9 %	$ 656,679	$ 587,525	$ 69,154	12 %

Service revenue. The $1.2 million, or 1%, increase in service revenue from the three months ended July 31, 2024 to the three months ended July 31, 2025 was primarily due to the increases in the number of Total Accounts and the amount of HSA investments, largely offset by lower average service fees per account.

The $2.7 million, or 1%, increase in service revenue from the six months ended July 31, 2024 to the six months ended July 31, 2025 was primarily due to the increases in the number of Total Accounts and the amount of HSA investments, largely offset by lower average service fees per account.

We expect service revenue to continue to increase, primarily due to an increase in Total Accounts, partially offset by lower average service fees per account.

Custodial revenue. The $21.2 million, or 15%, increase in custodial revenue from the three months ended July 31, 2024 to the three months ended July 31, 2025 was primarily due to an increase in average annualized yield on HSA cash from 3.10% for the three months ended July 31, 2024 to 3.51% for the three months ended July 31, 2025 (due to both HSA cash placed with Depository Partners at higher yields and increased participation in our Enhanced Rates offering) and the $0.7 billion, or 4%, increase in the average daily balance of HSA cash, as described above, partially offset by a decrease in interest rates on the portion of our Client-held funds held by our Depository Partners in interest-bearing demand deposit accounts that have a floating interest rate.

The $56.0 million, or 22%, increase in custodial revenue from the six months ended July 31, 2024 to the six months ended July 31, 2025 was primarily due to an increase in average annualized yield on HSA cash from 3.02% for the six months ended July 31, 2024 to 3.51% for the six months ended July 31, 2025 (due to both HSA cash placed with Depository Partners at higher yields and increased participation in our Enhanced Rates offering) and the $1.3 billion, or 8%, increase in the average daily balance of HSA cash, as described above, partially offset by a decrease in interest rates on the portion of our Client-held funds held by our Depository Partners in interest-bearing demand deposit accounts that have a floating interest rate.

On an annual basis, assuming the current interest rate environment continues, we expect our average annualized yield on HSA cash to further increase as our existing agreements with our Depository Partners are renewed or replaced with agreements with higher rates, resulting in higher custodial revenue. In addition, we expect an increase in the percentage of HSA cash held in our Enhanced Rates offering to continue to positively impact our average annualized yield and thus our custodial revenue. As Basic Rates contracts mature, we intend to transfer the associated HSA cash into Enhanced Rates contracts unless the HSA member affirmatively opts to remain in the Basic Rates offering.

Interchange revenue. The $3.6 million, or 8%, increase in interchange revenue from the three months ended July 31, 2024 to the three months ended July 31, 2025 was primarily due to an increase in Total Accounts and an increase in spend per account using our payment cards.

The $10.4 million, or 11%, increase in interchange revenue from the six months ended July 31, 2024 to the six months ended July 31, 2025 was primarily due to an increase in Total Accounts and an increase in spend per account using our payment cards.

On an annual basis, relative to the fiscal year ended January 31, 2025, we expect interchange revenue to continue to increase, primarily due to an increase in Total Accounts.

Total revenue. Total revenue increased $25.9 million, or 9%, from the three months ended July 31, 2024 to the three months ended July 31, 2025 due to the increases in custodial, interchange, and service revenues, described above.

Total revenue increased $69.2 million, or 12%, from the six months ended July 31, 2024 to the six months ended July 31, 2025 due to the increases in custodial, interchange, and service revenues, described above.

Cost of revenue

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

	Three months ended July 31,				Six months ended July 31,			
(in thousands, except percentages)	2025	2024	$ Change	% Change	2025	2024	$ Change	% Change
Service costs	$ 75,156	$ 76,915	$ (1,759)	(2)%	$ 163,161	$ 159,262	$ 3,899	2 %
Custodial costs	11,137	10,108	1,029	10 %	21,884	19,165	2,719	14 %
Interchange costs	6,947	8,853	(1,906)	(22)%	14,728	17,908	(3,180)	(18)%
Total cost of revenue	$ 93,240	$ 95,876	$ (2,636)	(3)%	$ 199,773	$ 196,335	$ 3,438	2 %

Service costs. The $1.8 million, or 2%, decrease in service costs from the three months ended July 31, 2024 to the three months ended July 31, 2025 was primarily due to efficiencies resulting from our technology investments

and a decrease in costs incurred to reimburse members impacted by outside fraud activity, partially offset by increases in costs to support the increase in Total Accounts and member interactions.

The $3.9 million, or 2%, increase in service costs from the six months ended July 31, 2024 to the six months ended July 31, 2025 was primarily due to increases in costs to support the increase in Total Accounts and member interactions, partially offset by efficiencies resulting from our technology investments.

On an annual basis, relative to the fiscal year ended January 31, 2025, we expect service costs to decrease as a result of our technology investments in security and further operational efficiencies, partially offset by higher costs resulting from an increase in Total Accounts.

Custodial costs. The $1.0 million, or 10%, increase in custodial costs from the three months ended July 31, 2024 to the three months ended July 31, 2025 was primarily due to the $0.7 billion, or 4%, increase in the year-over-year average daily balance of HSA cash, as described above, as well as an increase in the average annualized rate of interest retained by HSA members on HSA cash from 0.23% during the three months ended July 31, 2024 to 0.24% during the three months ended July 31, 2025.

The $2.7 million, or 14%, increase in custodial costs from the six months ended July 31, 2024 to the six months ended July 31, 2025 was primarily due to the $1.3 billion, or 8%, increase in the year-over-year average daily balance of HSA cash, as described above, as well as an increase in the average annualized rate of interest retained by HSA members on HSA cash from 0.23% during the six months ended July 31, 2024 to 0.24% during the six months ended July 31, 2025.

On an annual basis, relative to the fiscal year ended January 31, 2025, we expect custodial costs to increase due to an increase in the year-over-year average daily balance of HSA cash and an increase in the average annualized rate of interest retained by HSA members on HSA cash.

Interchange costs. The $1.9 million, or 22%, decrease in interchange costs from the three months ended July 31, 2024 to the three months ended July 31, 2025 was primarily due to efficiencies resulting from the transition to a single card processor, partially offset by an increase in Total Accounts.

The $3.2 million, or 18%, decrease in interchange costs from the six months ended July 31, 2024 to the six months ended July 31, 2025 was primarily due to efficiencies resulting from the transition to a single card processor, partially offset by an increase in Total Accounts.

Total cost of revenue. Cost of revenue as a percentage of total revenue decreased to 30.4% for the six months ended July 31, 2025 compared to 33.4% for the six months ended July 31, 2024, due to total revenue increasing at a significantly higher rate (12%) than total cost of revenue (2%). On an annual basis, relative to the fiscal year ended January 31, 2025, we expect that our cost of revenue will decrease in dollar amount, primarily due to a decrease in service costs. We expect our cost of revenue to decrease as a percentage of our total revenue, primarily due to an increase in custodial revenue and a decrease in service costs, partially offset by costs resulting from an increase in Total Accounts. Cost of revenue will continue to be affected by a number of different factors, including our ability to scale our service delivery, 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, 2025	Three months ended July 31, 2024	$ Change	% Change	Six months ended July 31, 2025	Six months ended July 31, 2024	$ Change	% Change
Sales and marketing	$ 19,922	$ 21,525	$ (1,603)	(7)%	$ 45,906	$ 45,019	$ 887	2 %
Technology and development	64,804	58,580	6,224	11 %	126,240	114,670	11,570	10 %
General and administrative	29,990	32,260	(2,270)	(7)%	55,526	70,496	(14,970)	(21)%
Amortization of acquired intangible assets	27,001	30,981	(3,980)	(13)%	54,003	56,526	(2,523)	(4)%
Merger integration	1,266	1,777	(511)	(29)%	2,541	3,920	(1,379)	(35)%
Total operating expenses	$ 142,983	$ 145,123	$ (2,140)	(1)%	$ 284,216	$ 290,631	$ (6,415)	(2)%

Sales and marketing. The $1.6 million, or 7%, decrease in sales and marketing expenses from the three months ended July 31, 2024 to the three months ended July 31, 2025 was primarily due to decreases in personnel-related expenses.

The $0.9 million, or 2%, increase in sales and marketing expenses from the six months ended July 31, 2024 to the six months ended July 31, 2025 was primarily due to increases in professional services expenses, partially offset by decreases in personnel-related expenses.

We expect our sales and marketing expenses to increase as we continue to focus on our Client and member engagement programs, including campaigns to reach individuals who are newly eligible for HSAs under recent legislative expansion. On an annual basis, relative to the fiscal year ended January 31, 2025, we expect our sales and marketing expenses to remain relatively steady as a percentage of our total revenue. 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 $6.2 million, or 11%, increase in technology and development expenses from the three months ended July 31, 2024 to the three months ended July 31, 2025 was primarily due to increases in software costs and personnel-related expenses.

The $11.6 million, or 10%, increase in technology and development expenses from the six months ended July 31, 2024 to the six months ended July 31, 2025 was primarily due to increases in software costs and personnel-related expenses.

We expect our technology and development expenses to increase as we continue to invest in the development and security of our proprietary technology, including our ongoing modernization project described earlier. On an annual basis, relative to the fiscal year ended January 31, 2025, we expect our technology and development expenses to remain relatively steady as a percentage of our total revenue. However, 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 $2.3 million, or 7%, decrease in general and administrative expenses from the three months ended July 31, 2024 to the three months ended July 31, 2025 was primarily due to a decrease in professional services expenses, partially offset by increases in personnel-related expenses.

The $15.0 million, or 21%, decrease in general and administrative expenses from the six months ended July 31, 2024 to the six months ended July 31, 2025 was primarily due to a decrease in stock-based compensation expense resulting from the retirement of our former chief executive officer and a decrease in professional services expenses, partially offset by increases in personnel-related expenses.

On an annual basis, relative to the fiscal year ended January 31, 2025, we expect our general and administrative expenses to decrease, primarily due to a decrease in stock-based compensation expense, partially offset by additional demands on our legal, compliance, and finance functions as we continue to grow our business. We expect our general and administrative expenses to decrease as a percentage of our total revenue. However, 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 $4.0 million, or 13%, decrease in amortization of acquired intangible assets from the three months ended July 31, 2024 to the three months ended July 31, 2025 was due to a smaller carrying amount of intangible assets that have not been fully amortized.

The $2.5 million, or 4%, decrease in amortization of acquired intangible assets from the six months ended July 31, 2024 to the six months ended July 31, 2025 was primarily due to a smaller carrying amount of intangible assets that have not been fully amortized, partially offset by amortization of intangible assets added through the BenefitWallet HSA portfolio acquisition during the six months ended July 31, 2024.

On an annual basis, relative to the fiscal year ended January 31, 2025, we expect amortization of acquired intangible assets to decrease, primarily due to a smaller carrying amount of intangible assets that have not been fully amortized.

Merger integration. Merger integration expenses decreased by $0.5 million, or 29%, from the three months ended July 31, 2024 to the three months ended July 31, 2025. Merger integration expenses during the three months ended July 31, 2025 consisted primarily of professional fees, including expenses incurred in conjunction with the migration of accounts and technology-related expenses directly related to the Further acquisition.

Merger integration expenses decreased by $1.4 million, or 35%, from the six months ended July 31, 2024 to the six months ended July 31, 2025. Merger integration expenses during the six months ended July 31, 2025 consisted primarily of professional fees, including expenses incurred in conjunction with the migration of accounts and technology-related expenses directly related to the Further acquisition.

On an annual basis, we expect merger integration expense to continue to decrease as we complete the remaining merger integration activities.

Interest expense

The $0.5 million, or 3%, decrease in interest expense from the three months ended July 31, 2024 to the three months ended July 31, 2025 was primarily due a lower average interest rate on borrowings with variable interest rate terms and a lower average principal balance.

The $2.6 million, or 10%, increase in interest expense from the six months ended July 31, 2024 to the six months ended July 31, 2025 was primarily due to a higher average principal balance, partially offset by a lower average interest rate on borrowings with variable interest rate terms.

As of July 31, 2025, borrowings under our revolving credit facility were $411.9 million and had a stated interest rate of 5.96%. As of July 31, 2024, borrowings under our prior credit agreement were $511.9 million and had a stated interest rate of 6.70%. The decrease in principal was due to prepayments of $100.0 million during the twelve months ended July 31, 2025.

The interest rate on our revolving credit facility is variable and, accordingly, we may incur additional expense if interest rates increase in future periods.

Other income, net

The $0.3 million increase in other income, net, from the three months ended July 31, 2024 to the three months ended July 31, 2025 was primarily due to an increase in interest income on corporate cash.

The $0.4 million decrease in other income, net, from the six months ended July 31, 2024 to the six months ended July 31, 2025 was due to a decrease in interest income on corporate cash, partially offset by a decrease in other miscellaneous expense, net.

Income tax provision

The $7.4 million increase in income tax provision from the three months ended July 31, 2024 to the three months ended July 31, 2025 was primarily the result of an increase in pre-tax book income, partially offset by a decrease in nondeductible executive compensation and an increase in tax deductible stock-based compensation compared to GAAP stock-based compensation expense.

The $20.0 million increase in income tax provision from the six months ended July 31, 2024 to the six months ended July 31, 2025 was primarily the result of an increase in pre-tax book income and a decrease in tax deductible stock-based compensation compared to GAAP stock-based compensation expense, partially offset by a decrease in nondeductible executive compensation.

Seasonality

Seasonal concentration of our growth combined with our recurring revenue model create seasonal variation in our results of operations. Revenue results are seasonally impacted due to ancillary service fees, timing of HSA contributions, and timing of card spend. Cost of revenue is seasonally impacted as a significant number of new and existing Network Partners bring us new HSAs and CDBs beginning in January of each year concurrent with the start of many employers' benefit plan years. Before we realize any revenue from these new accounts, we incur costs related to implementing and supporting our new Network Partners and new accounts. 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 seasonal expenses incurred in our fourth fiscal quarter.

Liquidity and capital resources

Cash and cash equivalents overview

Our principal sources of liquidity are our current cash and cash equivalents balances, collections from our custodial, service, and interchange revenue activities, and availability under our revolving 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, interest payments on our long-term debt, and capital expenditures.

As of July 31, 2025 and January 31, 2025, cash and cash equivalents were $304.5 million and $295.9 million, respectively.

Capital resources

We maintain a "shelf" registration statement on Form S-3 on file with the SEC. A 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, capital expenditures, and repayment of indebtedness, 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.

Our credit agreement includes a senior secured revolving credit facility in an aggregate principal amount of up to $1.0 billion, which matures on August 23, 2029 and may be used in the future for working capital and general corporate purposes, including the financing of acquisitions and other investments. For a description of the terms of the credit agreement, refer to Note 6—Indebtedness. As of July 31, 2025, the outstanding balance under the revolving credit facility was $411.9 million. We were in compliance with all covenants under the credit agreement as of July 31, 2025, and for the period then ended. We continue to be in compliance with all covenants under the credit agreement through the filing date of this Quarterly Report on Form 10-Q.

Use of cash

During the six months ended July 31, 2025, we used $125.8 million for common stock repurchases. See Note 9—Stockholders' equity for additional information related to our stock repurchase programs.

During the six months ended July 31, 2025, we prepaid $50.0 million under our credit agreement.

Capital expenditures for the six months ended July 31, 2025 and 2024 were $27.3 million and $26.8 million, respectively. We expect to continue our current level of capital expenditures for the remainder of the fiscal year ending January 31, 2026 as we continue to invest in improving the architecture and functionality of our proprietary systems. Capital expenditures to improve the architecture of our proprietary systems include computer hardware, personnel and related costs for software engineering, and outsourced software engineering services.

As a result of accelerated tax deductions enabled under the "One Big Beautiful Bill Act," which was signed into law on July 4, 2025, we expect that corporate income tax payments for the fiscal years ending January 31, 2026 and January 31, 2027 will be significantly reduced.

We believe our existing cash, cash equivalents, and revolving credit facility 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)	**2025**	**2024**
Net cash provided by operating activities	$ 200,604	$ 173,558
Net cash used in investing activities	(27,323)	(479,032)
Net cash provided by (used in) financing activities	(164,768)	228,388
Increase (decrease) in cash and cash equivalents	8,513	(77,086)
Beginning cash and cash equivalents	295,948	403,979
Ending cash and cash equivalents	$ 304,461	$ 326,893

Cash flows from operating activities. Net cash provided by operating activities increased by $27.0 million from the six months ended July 31, 2024 to the six months ended July 31, 2025 primarily due to increased cash receipts with respect to our custodial, interchange, and service revenues, partially offset by the timing of cash payments for personnel-related costs.

Cash flows from investing activities. Net cash used in investing activities decreased by $451.7 million from the six months ended July 31, 2024 to the six months ended July 31, 2025 due to a $452.2 million decrease in cash used to acquire HSA portfolios and a $0.6 million decrease in cash used for purchases of property and equipment, partially offset by a $1.1 million increase in cash used for purchases of software and capitalized software development costs.

Cash flows from financing activities. Net cash used in financing activities was $164.8 million during the six months ended July 31, 2025, compared to $228.4 million of net cash provided by financing activities during the six months ended July 31, 2024. The change was due to a $225.0 million decrease in proceeds from long-term debt, a $125.8 million increase in cash used for repurchases of common stock, and a $50.0 million increase in principal payments on our long-term debt, partially offset by a $6.2 million increase in proceeds from the exercise of common stock options and a $1.4 million increase in net cash received in the settlement of client-held funds obligations.

Contractual obligations

See Note 5—Commitments and contingencies for information about our contractual obligations.

Off-balance sheet arrangements

As of July 31, 2025, we did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our consolidated financial condition, results of operations, liquidity, capital expenditures, or capital resources.

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. 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, and we evaluate our critical accounting estimates on an ongoing basis. 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 fiscal year ended January 31, 2025. There have been no significant or material changes in our critical accounting policies during the six months ended July 31, 2025, 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 fiscal year ended January 31, 2025.

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. Quantitative and qualitative 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 six months ended July 31, 2025 and 2024, 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. Although 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 and cash equivalents, accounts receivable, and derivatives. We maintain our cash and cash equivalents in bank and other depository accounts, which frequently exceed federally insured limits. Our cash and cash equivalents as of July 31, 2025 and January 31, 2025 were $304.5 million and $295.9 million, respectively, the vast majority of which was not covered by federal depository insurance. We have not experienced any material losses in such accounts. Our accounts receivable balance as of July 31, 2025 and January 31, 2025 was $111.2 million and $118.0 million, respectively. 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. Our derivative contracts are executed with a reputable financial institution, and we do not believe our derivative contracts expose us to significant credit risk. We continue to monitor the credit risk associated with our financial instruments on an ongoing basis.

Interest rate risk

HSA Assets and Client-held funds. HSA Assets consist of custodial HSA funds we hold in custody on behalf of our members. As of July 31, 2025 and January 31, 2025, we held in custody HSA Assets of $33.1 billion and $32.1 billion, respectively. As a non-bank custodian, we contract with our Depository Partners and insurance company partners to hold HSA cash on behalf of our members, and we earn a significant portion of our total revenue from interest paid to us by these partners. HSA cash held by our insurance company partners is held in group annuity contracts or similar arrangements. The lengths of our agreements with Depository Partners typically range from three to five years and have either fixed or variable interest rates. As HSA Assets increase and existing contracts with Depository Partners expire, we seek to enter into new contracts with Depository Partners and insurance company partners, the terms of which are impacted by the then-prevailing interest rate environment. We believe that increased participation in our Enhanced Rates offering, diversification of Depository Partners and insurance company 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. An increase in our yield would increase our custodial revenue as a percentage of total revenue. In addition, if our yield increases, we expect the spread to also increase between the interest offered to us by our Depository Partners and insurance company 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. Changes in prevailing interest rates are driven by macroeconomic trends and government policies over which we have no control.

During the six months ended July 31, 2025, we have entered into derivative contracts to hedge a portion of the benchmark interest rate risk of expected future transitions of HSA cash currently held by our Depository Partners into group annuity contracts or similar arrangements with our insurance company partners; however, we continue to have exposure to such risks to the extent they are not hedged.

Client-held funds are interest earning deposits from which we generate custodial revenue. As of July 31, 2025 and January 31, 2025, we held Client-held funds of $818 million and $896 million, respectively. These deposits are amounts remitted by Clients and held by us on their behalf to pre-fund and facilitate administration of our other CDBs. These deposits are held with Depository Partners. We deposit the Client-held funds with our Depository Partners in interest-bearing, demand deposit accounts that have a floating interest rate and no set term or duration. A sustained decline in prevailing interest rates may negatively affect our business by reducing the size of the yield available to us and thus the amount of the custodial revenue we can realize from Client-held funds. Conversely, a sustained increase in prevailing interest rates may increase our yield. Changes in prevailing interest rates are driven by macroeconomic trends and government policies over which we have no control.

Cash and cash equivalents. 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, 2025 and January 31, 2025, we had unrestricted cash and cash equivalents of $304.5 million and $295.9 million, respectively. 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.

Long-term debt. As of July 31, 2025 and January 31, 2025, we had $411.9 million and $461.9 million, respectively, outstanding under our revolving credit facility. The stated interest rate on our revolving credit facility is variable and was 5.96% as of July 31, 2025. Our overall interest rate sensitivity under the revolving credit facility is primarily influenced by any amounts borrowed and prevailing interest rates. For example, a one percent increase in the interest rate on the amount outstanding under our revolving credit facility as of July 31, 2025 would result in approximately $4.2 million of additional interest expense over the next 12 months. The interest rate on our $600 million of unsecured Senior Notes due 2029 is fixed at 4.50%.

Item 4. Controls and procedures

Evaluation of disclosure controls and procedures

Management, with the participation of the Company’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), has evaluated the effectiveness of the Company’s disclosure controls and procedures as of July 31, 2025, 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 provide reasonable assurance that 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 include, without limitation, controls and procedures designed to provide reasonable assurance that the 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 CEO and our CFO concluded that as of July 31, 2025, the Company's disclosure controls and procedures were effective at the reasonable assurance level.

Changes in internal control over financial reporting

There were no changes in the Company’s 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 quarter ended July 31, 2025 that has materially affected, or is reasonably likely to materially affect, the Company’s 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. Except as described in Note 5—Commitments and contingencies, as of the date of this Quarterly Report on Form 10-Q, we were 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 or financial position. For a description of these legal proceedings, see Note 5—Commitments and contingencies of the notes to condensed consolidated financial statements.

Item 1A. Risk factors

The risks described in “Risk factors” in our Annual Report on Form 10-K for the fiscal year ended January 31, 2025 and subsequent periodic reports 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, and 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

Issuer purchases of equity securities

The following table presents information with respect to HealthEquity's repurchases of common stock during the three months ended July 31, 2025 (in thousands, except average price paid per share).

Period	Total number of shares purchased (1)	Average price paid per share (2)	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (3)
May 1 - 31	259	$ 95.27	259	$ 92,744
June 1 - 30	172	$ 104.75	172	$ 374,747
July 1 - 31	234	$ 98.25	234	$ 351,750
Total	665		665	

(1) Repurchases may be effected through open market purchases, privately negotiated transactions or otherwise, including through Rule 10b5-1 plans. See Note 9—Stockholders' equity for additional information related to our stock repurchase programs.

(2) Average price paid per share includes transaction fees but excludes excise tax associated with the repurchases.

(3) In June 2025, our board of directors approved a new stock repurchase program that authorized the repurchase of up to an additional $300 million of our common stock as market conditions warrant.

Item 5. Other information

Rule 10b5-1 plan elections

Except as described below, none of the Company's directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408(c) of Regulation S-K) during the fiscal quarter ended July 31, 2025.

On June 9, 2025, Stephen Neeleman, our Founder and Vice Chairman, entered into a Rule 10b5-1 trading arrangement (the "Neeleman Arrangement"). The Neeleman Arrangement provides for the sale, between September 9, 2025 and September 11, 2026, of up to 54,356 aggregate shares of the Company's common stock held directly and indirectly by Dr. Neeleman. The Neeleman Arrangement was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act.

On June 12, 2025, Delano Ladd, our Executive Vice President, General Counsel and Secretary, entered into a Rule 10b5-1 trading arrangement (the "Ladd Arrangement"). The Ladd Arrangement provides for the sale, between September 11, 2025 and June 6, 2026, of up to 18,000 aggregate shares of the Company's common stock held directly by Mr. Ladd. The Ladd Arrangement was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act.

Item 6. Exhibits

		Incorporate by reference			
Exhibit no.	Description	Form	File No.	Exhibit	Filing Date
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 - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	Inline XBRL Taxonomy schema linkbase document				
101.CAL	Inline XBRL Taxonomy calculation linkbase document				
101.DEF	Inline XBRL Taxonomy definition linkbase document				
101.LAB	Inline XBRL Taxonomy labels linkbase document				
101.PRE	Inline XBRL Taxonomy presentation linkbase document				
104	The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended July 31, 2025, formatted in Inline XBRL.				

+ 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.

	HEALTHEQUITY, INC.	
Date: September 2, 2025	By:	/s/ James Lucania
	Name:	James Lucania
	Title:	Executive Vice President and Chief Financial Officer

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, Scott Cutler, 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 2, 2025

By: /s/ Scott Cutler
Name: Scott Cutler
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, James Lucania, 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 2, 2025

By:	/s/ James Lucania
Name:	James Lucania
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, Scott Cutler, 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, 2025 (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 2, 2025

By:	/s/ Scott Cutler
Name:	Scott Cutler
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, James Lucania, 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, 2025 (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 2, 2025

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