

Supplemental Financial Presentation Q2 2019

August 2019



Non-GAAP Financial Information

In an effort to provide additional and useful information regarding the Company's financial results and other financial information as determined by generally accepted accounting principles (GAAP), certain materials in this presentation include non-GAAP information. The Company believes the presentation of non-GAAP measures including Total Operating Expenses (excluding excess restatement and merger-related costs), Non-GAAP Operating Income, Adjusted EBITDA, Adjusted EBITDA excluding Restatement and Merger-Related Costs, Adjusted EBITDA Margin, Non-GAAP Net Income, Non-GAAP Earnings Per Share and Net Cash Position provides useful supplemental information to investors with regard to its core operating performance, and are used by the Company's management to assess the performance of the Company's business for planning and forecasting in subsequent periods as well as to compare financial results period-over-period. The non-GAAP measures have limitations as analytical tools and you should not consider them in isolation or as a substitute for an analysis of our results under U.S. GAAP. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. A reconciliation of the non-GAAP information to GAAP is available as an appendix to this presentation.

Q2 2019 Income Statement

In millions except percentage

	QTD Q2 2018	QTD Q2 2019	QTD Y/Y Change
Total Revenues	\$117	\$109	-7%
Healthcare	68	65	-4%
COBRA	26	20	-23%
Commuter	19	20	5%
Other	4	4	0%
Total Operating Expenses	\$100	\$106	6%
Cost of revenues (excluding amortization of internal use software)	36	\$37	3%
Technology and development	13	15	15%
Sales and marketing	19	18	-5%
General and administrative	19	25	32%
Amortization	10	11	10%
Employee termination and other charges	3	0	-100%
Excess Restatement and Merger-Related Costs	\$3	\$11	
Total Operating Expenses (excluding excess restatement and merger-related costs)*	\$97	\$95	-2%

Q2 2019 Income Statement (continued)

In millions except percentage	QTD Q2 2018	QTD Q2 2019	QTD Y/Y Change
Non-GAAP Operating Income*	\$27	\$6	-78%
Adjusted EBITDA*	\$35	\$15	-57%
Adjusted EBITDA excluding Restatement and Merger-Related Costs*	\$38	\$26	-32%
Adjusted EBITDA Margin*	33%	24%	
Non-GAAP Net Income*	\$20	\$4	-80%
Non-GAAP Earnings Per Share*	\$0.48	\$0.11	-78%
HSA Statistics			
Total Year-to-date HSA Revenue	\$7m	\$10m	
Accounts	730K+	740k+	
Cash Balances	\$1.1b	\$1.2b	
Annualized Custodial Yield	1.21%	2.04%	

1. Operating Income excludes stock-based compensation expense, amortization of acquired intangibles and employee termination and other charges.
2. Adjusted EBITDA excludes interest and other income, net, interest expense, income tax provision, depreciation, amortization, stock-based compensation expense, and employee termination and other charges.
3. Adjusted EBITDA Margin reflects Adjusted EBITDA excluding excess Restatement and Merger-Related costs divided by Total Revenue.
4. Non-GAAP Net Income excludes stock-based compensation expense, amortization of acquired intangibles, employee termination and other charges and the tax effect of such adjustments.
5. Earnings Per Share reflects Net Income divided by the weighted-average shares outstanding (diluted).

Numbers labeled with a * are Non-GAAP numbers

Reconciliation of non-GAAP measures can be found in Appendix

Q2 2019 Balance Sheets

In millions except percentage	December 31, 2018	June 30, 2019
Cash and cash equivalents	\$898	\$807
Total Current Assets	\$1,246	\$1,086
Total Assets	\$1,785	\$1,629
Customer obligations	\$762	\$675
Total Current Liabilities	\$864	\$783
Long-term debt, net of issuance costs	\$245	\$145
Total Liabilities	\$1,120	\$956
Total stockholders' equity	\$665	\$673
Total Liabilities and Stockholders' Equity	\$1,785	\$1,629
Net Cash Position*	\$137	\$158
Change in Net Cash Position		15%

- Net Cash Position = Total Current Assets - Total Current Liabilities - Long-term debt, net of issuance costs

QTD Restatement and Merger-Related Costs

In millions except percentage	FY 2017	FY 2018	QTD Q2 2017	QTD Q2 2018	QTD Q2 2019
Finance	\$13	\$26	\$3	\$4	\$7
Legal/other	3	15	1	3	8
Total	\$16	\$41	\$4	\$7	\$15

The above table shows the actual outsourced services costs incurred during the respective periods. The Company estimates that the restatement and merger-related costs are mainly focused on Legal and Finance activities.

The excess restatement and merger-related costs are approximately \$3 million and \$11 million for QTD Q2 2018 and 2019, respectively, compared to QTD Q2 2017.

Appendix: Reconciliation of Non-GAAP Measures

(In thousands)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	YTD 2019
GAAP Income from Operations	\$ 14,787	\$ 16,510	\$ 8,130	\$ 4,957	\$ 44,384	\$ 5,536	\$ 2,387	\$ 7,923
Stock-Based Compensation Expense (reversal), net	7,292	1,589	5,917	3,290	18,088	2,904	(2,545)	359
Amortization of Acquired Intangibles	6,361	6,366	6,368	6,386	25,481	6,393	6,371	12,764
Employee Termination and Other Charges	-	2,853	673	267	3,793	-	-	-
Non-GAAP Income From Operations	\$ 28,440	\$ 27,318	\$ 21,088	\$ 14,900	\$ 91,746	\$ 14,833	\$ 6,213	\$ 21,046
GAAP Net Income	\$ 11,019	\$ 10,924	\$ 2,125	\$ 1,902	\$ 25,970	\$ 4,057	\$ 1,797	\$ 5,854
Stock-Based Compensation Expense (reversal), net	7,292	1,589	5,917	3,290	18,088	2,904	(2,545)	359
Amortization of Acquired Intangibles	6,361	6,366	6,368	6,386	25,481	6,393	6,371	12,764
Employee Termination and Other Charges	-	2,853	673	267	3,793	-	-	-
Tax Effect of Above Adjustments*	2,355	1,868	2,192	1,705	8,120	2,417	1,275	3,692
Non-GAAP Net Income	\$ 22,317	\$ 19,864	\$ 12,891	\$ 10,140	\$ 65,212	\$ 10,937	\$ 4,348	\$ 15,285

*Tax effect adjustments utilizes statutory rates plus excess tax benefits recorded in income tax benefit (provision)

GAAP Net Income	\$ 11,019	\$ 10,924	\$ 2,125	\$ 1,902	\$ 25,970	\$ 4,057	\$ 1,797	\$ 5,854
Interest and Other Income, Net	(1,266)	(1,455)	(1,504)	(1,593)	(5,818)	(2,649)	(2,883)	(5,532)
Interest Expense	2,182	2,420	2,575	2,910	10,087	2,709	2,164	4,873
Income Tax Provision	2,852	4,621	4,934	1,738	14,145	1,419	1,309	2,728
Depreciation	3,191	3,460	3,742	3,618	14,011	3,741	3,786	7,527
Amortization	9,991	10,191	10,502	10,772	41,456	10,851	11,041	21,892
Stock-Based Compensation Expense (reversal), net	7,292	1,589	5,917	3,290	18,088	2,904	(2,545)	359
Employee Termination and Other Charges	-	2,853	673	267	3,793	-	-	-
Adjusted EBITDA	\$ 35,261	\$ 34,603	\$ 28,964	\$ 22,904	\$ 121,732	\$ 23,032	\$ 14,669	\$ 37,701