

May 4, 2023



Envestnet Reports First Quarter 2023 Financial Results

BERWYN, Pa.--(BUSINESS WIRE)-- Envestnet (NYSE: ENV), a leading provider of intelligent systems for wealth management and financial wellness, today reported financial results for the three months ended March 31, 2023.

| Key Financial Metrics (in millions, except per share data) | Three months ended | | % Change |
|---|--------------------|-----------|-------------|
| | March 31, | | |
| | 2023 | 2022 | |
| GAAP: | | | |
| Total revenue | \$ 298.7 | \$ 321.4 | (7)% |
| Net loss attributable to Envestnet, Inc. | \$ (41.2) | \$ (13.9) | * |
| Net loss attributable to Envestnet, Inc. per diluted share | \$ (0.76) | \$ (0.25) | * |
| Non-GAAP: | | | |
| Adjusted revenue ⁽¹⁾ | \$ 298.8 | \$ 321.4 | (7)% |
| Adjusted EBITDA ⁽¹⁾ | \$ 55.4 | \$ 55.7 | (1)% |
| Adjusted net income ⁽¹⁾ | \$ 30.1 | \$ 31.0 | (3)% |
| Adjusted net income per diluted share ⁽¹⁾ | \$ 0.46 | \$ 0.47 | (2)% |

*Not meaningful

“Envestnet is paving the way for the future of advice- providing more services and solutions through integrated technology, data and digital tools. This is the growth strategy for Envestnet and the industry. We are thriving in the unparalleled change and embracing innovation all while modernizing our breadth of offering,” said Bill Crager, Chief Executive Officer.

“At a time when markets face headwinds, our first quarter results prove the strength of our business and our engaged clients are playing back to us the benefits of what we do,” concluded Mr. Crager.

Financial Results for the First Quarter of 2023

Asset-based recurring revenue decreased 13% during the first quarter of 2023, representing 59% of total revenue compared to 63% for the first quarter of 2022. Subscription-based recurring revenue increased 2% from the first quarter of 2022, and represented 39% of total revenue for the first quarter of 2023, compared to 36% for the first quarter of 2022. Professional services and other non-recurring revenue increased 20% from the prior year period. Total revenue decreased 7% to \$298.7 million for the first quarter of 2023 from \$321.4 million for the first quarter of 2022.

Total operating expenses for the first quarter of 2023 decreased 6% to \$309.8 million from

\$328.1 million in the prior year period. Direct expense decreased to \$109.0 million for the first quarter of 2023 from \$125.3 million for the prior year period. Employee compensation decreased 10% to \$114.2 million for the first quarter of 2023 from \$126.8 million for the prior year period. Employee compensation was 38% of total revenue for the first quarter of 2023, compared to 39% for the prior year period. General and administrative expenses increased 21% to \$53.6 million for the first quarter of 2023 from \$44.3 million for the prior year period. General and administrative expenses were 18% of total revenue for the first quarter of 2023, compared to 14% for the prior year period.

Loss from operations was \$11.1 million for the first quarter of 2023 compared to a loss of \$6.7 million for the first quarter of 2022. Net loss attributable to Envestnet, Inc. was \$41.2 million for the first quarter of 2023 compared to net loss attributable to Envestnet, Inc. of \$13.9 million for the first quarter of 2022. Net loss attributable to Envestnet, Inc. per diluted share was \$0.76 for the first quarter of 2023 compared to net loss attributable to Envestnet, Inc. per diluted share of \$0.25 for the first quarter of 2022.

Adjusted revenue⁽¹⁾ for the first quarter of 2023 decreased 7% to \$298.8 million from \$321.4 million for the prior year period. Adjusted EBITDA⁽¹⁾ for the first quarter of 2023 decreased to \$55.4 million from \$55.7 million for the prior year period. Adjusted net income⁽¹⁾ decreased 3% for the first quarter of 2023 to \$30.1 million from \$31.0 million for the prior year period. Adjusted net income per diluted share⁽¹⁾ for the first quarter of 2023 decreased 2% to \$0.46 from \$0.47 in the first quarter of 2022.

Balance Sheet and Liquidity

As of March 31, 2023, Envestnet had \$52.7 million in cash and cash equivalents and \$937.5 million in outstanding debt. Debt as of March 31, 2023 results from \$45.0 million in convertible notes maturing in June 2023, \$317.5 million in convertible notes maturing in 2025 and \$575.0 million in convertible notes maturing in 2027. Envestnet's \$500.0 million revolving credit facility was undrawn as of March 31, 2023.

Outlook

Envestnet provided the following outlook for the second quarter and full year ending December 31, 2023. This outlook is based on the market value of assets under management or administration as of March 31, 2023. We caution that we cannot predict the market value of these assets on any future date. See "Cautionary Statement Regarding Forward-Looking Statements."

| In Millions, Except Adjusted EPS | 2Q 2023 | | FY 2023 | |
|--|---------|-----------|-----------|-------------|
| GAAP: | | | | |
| Revenue: | | | | |
| Asset-based | \$186.0 | - \$187.5 | | |
| Subscription-based | 117.5 | - 118.0 | | |
| Total recurring revenue | 303.5 | - 305.5 | | |
| Professional services and other revenue | 8.5 | - 9.5 | | |
| Total revenue | \$312.0 | - \$315.0 | \$1,260.0 | - \$1,270.0 |
| | | | | |
| Asset-based direct expense | \$109.0 | - \$109.5 | | |
| Total direct expense | \$123.5 | - \$124.0 | | |
| | | | | |
| Net income | (a) | - (a) | (a) | - (a) |
| | | | | |
| Diluted shares outstanding | 66.5 | | 66.2 | |
| Net income per diluted share | (a) | - (a) | (a) | - (a) |
| Non-GAAP: | | | | |
| Adjusted revenue ⁽¹⁾ : | | | | |
| Asset-based | \$186.0 | - \$187.5 | | |
| Subscription-based | 117.5 | - 118.0 | | |
| Total recurring revenue | 303.5 | - 305.5 | | |
| Professional services and other revenue | 8.5 | - 9.5 | | |
| Total revenue | \$312.0 | - \$315.0 | \$1,260.0 | - \$1,270.0 |
| | | | | |
| Adjusted EBITDA ⁽¹⁾ | \$ 55.0 | - \$ 57.0 | \$ 253.0 | - \$ 260.0 |
| Adjusted net income per diluted share ⁽¹⁾ | \$ 0.45 | - \$ 0.46 | \$ 2.11 | \$ 2.19 |

(a) Investnet does not forecast net income and net income per diluted share due to the unpredictable nature of various items adjusted for non-GAAP disclosure purposes, including the periodic GAAP income tax provision.

Conference Call

Investnet will host a conference call to discuss first quarter 2023 financial results today at 5:00 p.m. ET. The live webcast and accompanying presentation can be accessed from Investnet's investor relations website at <http://investor.investnet.com/>. A replay of the webcast will be available on the investor relations website following the call.

About Investnet

Investnet, Inc. (NYSE: ENV) is transforming the way financial advice and wellness are delivered. Our mission is to empower advisors and financial service providers with innovative technology, solutions and intelligence to make financial wellness a reality for everyone. Approximately 106,000 advisors and approximately 6,900 companies including: 16 of the 20 largest U.S. banks, 47 of the 50 largest wealth management and brokerage firms, over 500 of the largest RIAs and hundreds of FinTech companies, leverage Investnet technology and services that help drive better outcomes for enterprises, advisors and their clients.

For more information on Investnet, please visit www.investnet.com and follow us on [Twitter @ENVintel](https://twitter.com/ENVintel).

(1) Non-GAAP Financial Measures

"Adjusted revenue" excludes the effect of purchase accounting on the fair value of acquired

deferred revenue. On January 1, 2022, the Company adopted ASU 2021-08 whereby it now accounts for contract assets and contract liabilities obtained upon a business combination in accordance with ASC 606. Prior to the adoption of ASU 2021-08, we recorded at fair value the acquired deferred revenue for contracts in effect at the time the entities were acquired. Consequently, revenue related to acquired entities for periods subsequent to the acquisition did not reflect the full amount of revenue that would have been recorded by these entities had they remained stand-alone entities. Adjusted revenue has limitations as a financial measure, should be considered as supplemental in nature and is not meant as a substitute for revenue prepared in accordance with GAAP.

“Adjusted EBITDA” represents net income (loss) before deferred revenue fair value adjustment, interest income, interest expense, income tax provision (benefit), depreciation and amortization, non-cash compensation expense, restructuring charges and transaction costs, severance, litigation, regulatory and other governance related expenses, foreign currency, non-income tax expense adjustment, loss allocations from equity method investments and (income) loss attributable to non-controlling interest.

“Adjusted net income” represents net income (loss) before deferred revenue fair value adjustment, non-cash interest expense, cash interest on our convertible notes, non-cash compensation expense, restructuring charges and transaction costs, severance, amortization of acquired intangibles, litigation, regulatory and other governance related expenses, foreign currency, non-income tax expense adjustment, loss allocations from equity method investments and (income) loss attributable to non-controlling interest. Reconciling items are presented gross of tax, and a normalized tax rate is applied to the total of all reconciling items to arrive at adjusted net income. The normalized tax rate is based solely on the estimated blended statutory income tax rates in the jurisdictions in which we operate. We monitor the normalized tax rate based on events or trends that could materially impact the rate, including tax legislation changes and changes in the geographic mix of our operations.

“Adjusted net income per diluted share” represents adjusted net income (loss) attributable to common stockholders divided by the diluted number of weighted-average shares outstanding.

See reconciliations of Non-GAAP Financial Measures on pages 9-12 of this press release. Reconciliations are not provided for guidance on such measures as the Company is unable to predict the amounts to be adjusted, such as the GAAP tax provision. The Company’s Non-GAAP Financial Measures should not be viewed as a substitute for revenue, net income (loss) or net income (loss) per share determined in accordance with GAAP.

Cautionary Statement Regarding Forward-Looking Statements

The forward-looking statements made in this press release and its attachments concerning, among other things, Envestnet, Inc.’s expected financial performance and outlook for the second quarter and full year of 2023, its strategic and operational plans and growth strategy, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties and the Company’s actual results could differ materially from the results expressed or implied by such forward-looking statements. Furthermore, reported results should not be considered as an indication of future performance. The potential risks, uncertainties and other factors that could cause

actual results to differ from those expressed by the forward-looking statements in this press release include, but are not limited to, the concentration of our revenue from the delivery of our solutions and services to clients in the financial services industry; our reliance on a limited number of clients for a material portion of our revenue; the renegotiation of fees by our clients; changes in the estimates of fair value of reporting units or of long-lived assets; the amount of our debt and our ability to service our debt; limitations on our ability to access information from third parties or charges for accessing such information; the targeting of some of our sales efforts at large financial institutions and large financial technology (“FinTech”) companies which prolongs sales cycles, requires substantial upfront sales costs and results in less predictability in completing some of our sales; changes in investing patterns on the assets on which we derive revenue and the freedom of investors to redeem or withdraw investments generally at any time; the impact of fluctuations in market conditions and interest rates on the demand for our products and services and the value of assets under management or administration; our ability to keep up with rapid technological change, evolving industry standards or changing requirements of clients; risks associated with our international operations; the competitiveness of our solutions and services as compared to those of others; liabilities associated with potential, perceived or actual breaches of fiduciary duties and/or conflicts of interest; harm to our reputation; our ability to successfully identify potential acquisition candidates, complete acquisitions and successfully integrate acquired companies; our ability to successfully execute the conversion of clients’ assets from their technology platform to our technology platforms in a timely and accurate manner; the failure to protect our intellectual property rights; our ability to introduce new solutions and services and enhancements; our ability to maintain the security and integrity of our systems and facilities and to maintain the privacy of personal information and potential liabilities for data security breaches; the effect of privacy laws and regulations, industry standards and contractual obligations and changes to these laws, regulations, standards and obligations on how we operate our business and the negative effects of failure to comply with these requirements; regulatory compliance failures; failure by our customers to obtain proper permissions or waivers for our use of disclosure of information; adverse judicial or regulatory proceedings against us; failure of our solutions, services or systems, or those of third parties on which we rely, to work properly; potential liability for use of inaccurate information by third parties provided by us; the occurrence of a deemed “change of control”; the uncertainty of the application and interpretation of certain tax laws; issuances of additional shares of common stock or issuances of shares of preferred stock or convertible securities on our existing stockholders; changes in the level of inflation; general economic, political and regulatory conditions; changes in trade, monetary and fiscal policies and laws; global events, natural disasters, environmental disasters, terrorist attacks and pandemics or health crises, including their impact on the economy and trading markets; social, environmental and sustainability concerns that may arise, including from our business activities; and management’s response to these factors. More information regarding these and other risks, uncertainties and factors is contained in our filings with the Securities and Exchange Commission (“SEC”) which are available on the SEC’s website at www.sec.gov or our Investor Relations website at <http://investor.envestnet.com/>. You are cautioned not to unduly rely on these forward-looking statements, which speak only as of the date of this press release. All information in this press release and its attachments is as of May 4, 2023 and, unless required by law, we undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this press release or to report the occurrence of unanticipated events.

Envestnet, Inc.
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

| | March 31, 2023 | December 31, 2022 |
|--|--------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 52,664 | \$ 162,173 |
| Fees receivable, net | 122,704 | 101,696 |
| Prepaid expenses and other current assets | 47,391 | 41,363 |
| Total current assets | 222,759 | 305,232 |
| Property and equipment, net | 64,144 | 62,443 |
| Internally developed software, net | 196,874 | 184,558 |
| Intangible assets, net | 377,055 | 379,995 |
| Goodwill | 998,428 | 998,414 |
| Operating lease right-of-use-assets, net | 79,553 | 81,596 |
| Other assets | 117,644 | 99,927 |
| Total assets | <u>\$2,056,457</u> | <u>\$ 2,112,165</u> |
| Liabilities and equity | | |
| Current liabilities: | | |
| Accounts payable, accrued expenses and other current liabilities | \$ 195,983 | \$ 233,866 |
| Operating lease liabilities | 12,270 | 11,949 |
| Deferred revenue | 44,445 | 36,363 |
| Current portion of debt | 44,954 | 44,886 |
| Total current liabilities | 297,652 | 327,064 |
| Debt, net of current portion | 872,968 | 871,769 |
| Operating lease liabilities, net of current portion | 108,568 | 110,652 |
| Deferred tax liabilities, net | 21,445 | 16,196 |
| Other liabilities | 18,644 | 18,880 |
| Total liabilities | 1,319,277 | 1,344,561 |
| Equity: | | |
| Total stockholders' equity, attributable to Envestnet, Inc. | 725,614 | 754,567 |
| Non-controlling interest | 11,566 | 13,037 |
| Total liabilities and equity | <u>\$2,056,457</u> | <u>\$ 2,112,165</u> |

Envestnet, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share information)
(unaudited)

| | Three Months Ended | |
|--|---------------------------|--------------------|
| | March 31, | |
| | 2023 | 2022 |
| Revenue: | | |
| Asset-based | \$ 176,932 | \$ 202,717 |
| Subscription-based | 117,079 | 114,734 |
| Total recurring revenue | 294,011 | 317,451 |
| Professional services and other revenue | 4,696 | 3,912 |
| | <u>298,707</u> | <u>321,363</u> |
| Total revenue | | |
| Operating expenses: | | |
| Direct expense | 108,989 | 125,282 |
| Employee compensation | 114,215 | 126,849 |
| General and administrative | 53,619 | 44,335 |
| Depreciation and amortization | 32,941 | 31,618 |
| Total operating expenses | <u>309,764</u> | <u>328,084</u> |
| Loss from operations | | |
| | (11,057) | (6,721) |
| Other expense, net | (7,935) | (5,967) |
| Loss before income tax provision | <u>(18,992)</u> | <u>(12,688)</u> |
| Income tax provision | | |
| | 23,769 | 2,020 |
| Net loss | | |
| | (42,761) | (14,708) |
| Add: Net loss attributable to non-controlling interest | 1,533 | 849 |
| Net loss attributable to Envestnet, Inc. | <u>\$ (41,228)</u> | <u>\$ (13,859)</u> |
| Net loss attributable to Envestnet, Inc. per share: | | |
| Basic and diluted | <u>\$ (0.76)</u> | <u>\$ (0.25)</u> |
| Weighted average common shares outstanding: | | |
| Basic and diluted | <u>54,143,259</u> | <u>54,903,677</u> |

Investnet, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

| | Three Months Ended | |
|--|---------------------------|-------------------|
| | March 31, | |
| | 2023 | 2022 |
| Cash flows from operating activities: | | |
| Net loss | \$ (42,761) | \$ (14,708) |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization | 32,941 | 31,618 |
| Provision for doubtful accounts | 571 | (1,747) |
| Deferred income taxes | 5,221 | (18,955) |
| Non-cash compensation expense | 19,453 | 21,814 |
| Non-cash interest expense | 4,498 | 2,599 |
| Loss allocations from equity method investments | 2,940 | 1,545 |
| Other | (103) | (59) |
| Changes in operating assets and liabilities: | | |
| Fees receivable, net | (21,579) | 8,661 |
| Prepaid expenses and other assets | (9,858) | (9,491) |
| Accounts payable, accrued expenses and other liabilities | (32,917) | (29,113) |
| Deferred revenue | 8,073 | 11,097 |
| Net cash (used in) provided by operating activities | (33,521) | 3,261 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (4,402) | (3,896) |
| Capitalization of internally developed software | (23,664) | (21,671) |
| Acquisition of proprietary technology | (10,000) | (15,000) |
| Investments in private companies | (950) | (3,000) |
| Issuance of loan receivable to private company | (20,000) | — |
| Other | 260 | (2,500) |
| Net cash used in investing activities | (58,756) | (46,067) |
| Cash flows from financing activities: | | |
| Proceeds from exercise of stock options | 367 | 658 |
| Payments related to tax withholdings for stock-based compensation | (10,732) | (12,570) |
| Payments on finance lease obligations | (152) | (12,454) |
| Payments related to revolving credit facility | — | (1,869) |
| Payments related to share repurchases | (9,289) | — |
| Purchases of non-controlling units from third-party shareholders | (1,008) | — |
| Other | 2 | 3 |
| Net cash used in financing activities | (20,812) | (26,232) |
| Effect of exchange rate on changes on cash, cash equivalents and restricted cash | 3,580 | (627) |
| Net change in cash, cash equivalents and restricted cash | (109,509) | (69,665) |
| Cash, cash equivalents and restricted cash, beginning of period | 162,173 | 429,428 |
| Cash, cash equivalents and restricted cash, end of period | \$ 52,664 | \$ 359,763 |

(a) The following table reconciles amounts from the condensed consolidated balance sheets to cash, cash equivalents and restricted cash reported within the condensed consolidated statements of cash flows:

| | March 31, March 31, | |
|---|----------------------------|-------------------|
| | 2023 | 2022 |
| Cash and cash equivalents | \$ 52,664 | \$ 359,614 |
| Restricted cash included in prepaid expenses and other current assets | — | 149 |
| Total cash, cash equivalents and restricted cash | \$ 52,664 | \$ 359,763 |

Investnet, Inc.
Reconciliation of Non-GAAP Financial Measures
(in thousands)
(unaudited)

| | Three Months Ended | |
|---|---------------------------|-------------------|
| | March 31, | |
| | 2023 | 2022 |
| Total revenue | \$ 298,707 | \$ 321,363 |
| Deferred revenue fair value adjustment ^(a) | 52 | 54 |
| Adjusted revenue | <u>\$ 298,759</u> | <u>\$ 321,417</u> |
| Net loss | \$ (42,761) | \$ (14,708) |
| Add (deduct): | | |
| Deferred revenue fair value adjustment ^(a) | 52 | 54 |
| Interest income ^(b) | (1,358) | (321) |
| Interest expense ^(b) | 6,320 | 4,853 |
| Income tax provision | 23,769 | 2,020 |
| Depreciation and amortization | 32,941 | 31,618 |
| Non-cash compensation expense ^(d) | 19,453 | 21,814 |
| Restructuring charges and transaction costs ^(e) | 4,163 | 2,346 |
| Severance ^(d) | 6,188 | 3,106 |
| Litigation, regulatory and other governance related expenses ^(c) | 3,074 | 3,077 |
| Foreign currency | 33 | (108) |
| Non-income tax expense adjustment ^(c) | (168) | 24 |
| Loss allocations from equity method investments ^(b) | 2,940 | 1,545 |
| Loss attributable to non-controlling interest | 778 | 377 |
| Adjusted EBITDA | <u>\$ 55,424</u> | <u>\$ 55,697</u> |

(a) Included within subscription-based revenue in the condensed consolidated statements of operations.

(b) Included within other expense, net in the condensed consolidated statements of operations.

(c) Included within general and administrative expense in the condensed consolidated statements of operations.

(d) Included within employee compensation expense in the condensed consolidated statements of operations.

(e) For the three months ended March 31, 2023 and 2022, \$4.1 million and \$2.5 million were included within general and administrative expense, respectively, in the condensed consolidated statements of operations. For the three months ended March 31, 2023 and 2022, \$0.1 million and \$(0.2) million were included within employee compensation expense, respectively, in the condensed consolidated statements of operations.

Investnet, Inc.
Reconciliation of Non-GAAP Financial Measures
(in thousands, except share and per share information)
(unaudited)

| | Three Months Ended | |
|---|---------------------------|-------------------|
| | March 31, | |
| | 2023 | 2022 |
| Net loss | \$ (42,761) | \$ (14,708) |
| Income tax provision ^(a) | 23,769 | 2,020 |
| Loss before income tax provision | (18,992) | (12,688) |
| Add (deduct): | | |
| Deferred revenue fair value adjustment ^(b) | 52 | 54 |
| Non-cash interest expense ^(d) | 1,442 | 2,059 |
| Cash interest - Convertible Notes ^(d) | 4,565 | 2,480 |
| Non-cash compensation expense ^(e) | 19,453 | 21,814 |
| Restructuring charges and transaction costs ^(g) | 4,163 | 2,346 |
| Severance ^(e) | 6,188 | 3,106 |
| Amortization of acquired intangibles ^(f) | 16,940 | 17,520 |
| Litigation, regulatory and other governance related expenses ^(c) | 3,074 | 3,077 |
| Foreign currency ^(d) | 33 | (108) |
| Non-income tax expense adjustment ^(c) | (168) | 24 |
| Loss allocations from equity method investments ^(d) | 2,940 | 1,545 |
| Loss attributable to non-controlling interest | 778 | 377 |
| Adjusted net income before income tax effect | 40,468 | 41,606 |
| Income tax effect ^(h) | (10,319) | (10,610) |
| Adjusted net income | <u>\$ 30,149</u> | <u>\$ 30,996</u> |
| Basic number of weighted-average shares outstanding | 54,143,259 | 54,903,677 |
| Effect of dilutive shares: | | |
| Options to purchase common stock | 88,323 | 156,349 |
| Unvested restricted stock units | 463,719 | 568,914 |
| Convertible notes | 11,470,645 | 9,898,549 |
| Warrants | — | 51,764 |
| Diluted number of weighted-average shares outstanding | <u>66,165,946</u> | <u>65,579,253</u> |
| Adjusted net income per share - diluted | <u>\$ 0.46</u> | <u>\$ 0.47</u> |

(a) For the three months ended March 31, 2023 and 2022, the effective tax rate computed in accordance with GAAP equaled (125.2)% and (15.9)%, respectively.

(b) Included within subscription-based revenue in the condensed consolidated statements of operations.

(c) Included within general and administrative expense in the condensed consolidated statements of operations.

(d) Included within other expense, net in the condensed consolidated statements of operations.

(e) Included within employee compensation expense in the condensed consolidated statements of operations.

(f) Included within depreciation and amortization expense in the condensed consolidated statements of operations.

(g) For the three months ended March 31, 2023 and 2022, \$4.1 million and \$2.5 million were included within general and administrative expense, respectively, in the condensed consolidated statements of operations. For the three months ended March 31, 2023 and 2022, \$0.1 million and \$(0.2) million were included within employee compensation expense, respectively, in the condensed consolidated statements of operations.

(h) An estimated normalized effective tax rate of 25.5% has been used to compute adjusted net income for the three months ended March 31, 2023 and 2022.

Envestnet, Inc.
Reconciliation of Non-GAAP Financial Measures
Segment Information
(in thousands)
(unaudited)

| | Three Months Ended March 31, 2023 | | | |
|---|-----------------------------------|--------------------------|--------------------|------------------|
| | Envestnet Wealth Solutions | Envestnet & Analytics | Nonsegment | Total |
| Revenue | \$ 256,660 | \$ 42,047 | \$ — | \$298,707 |
| Deferred revenue fair value adjustment ^(a) | 52 | — | — | 52 |
| Adjusted revenue | <u>\$ 256,712</u> | <u>\$ 42,047</u> | <u>\$ —</u> | <u>\$298,759</u> |
| Revenue: | | | | |
| Asset-based | \$ 176,932 | \$ — | \$ — | \$176,932 |
| Subscription-based | 76,485 | 40,594 | — | 117,079 |
| Total recurring revenue | 253,417 | 40,594 | — | 294,011 |
| Professional services and other revenue | 3,243 | 1,453 | — | 4,696 |
| Total revenue | <u>\$ 256,660</u> | <u>\$ 42,047</u> | <u>\$ —</u> | <u>\$298,707</u> |
| Operating expenses: | | | | |
| Direct expense | | | | |
| Asset-based | \$ 102,623 | \$ — | \$ — | \$102,623 |
| Subscription-based | 1,422 | 4,940 | — | 6,362 |
| Professional services and other | 4 | — | — | 4 |
| Total direct expense | 104,049 | 4,940 | — | 108,989 |
| Employee compensation | 76,883 | 21,406 | 15,926 | 114,215 |
| General and administrative | 28,127 | 14,678 | 10,814 | 53,619 |
| Depreciation and amortization | 24,138 | 8,803 | — | 32,941 |
| Total operating expenses | <u>\$ 233,197</u> | <u>\$ 49,827</u> | <u>\$ 26,740</u> | <u>\$309,764</u> |
| Income (loss) from operations | \$ 23,463 | \$ (7,780) | \$ (26,740) | \$ (11,057) |
| Add (deduct): | | | | |
| Deferred revenue fair value adjustment ^(a) | 52 | — | — | 52 |
| Depreciation and amortization | 24,138 | 8,803 | — | 32,941 |
| Non-cash compensation expense ^(c) | 11,242 | 2,662 | 5,549 | 19,453 |
| Restructuring charges and transaction costs ^(d) | 1,138 | 244 | 2,781 | 4,163 |
| Severance ^(c) | 3,576 | 2,428 | 184 | 6,188 |
| Litigation, regulatory and other governance related expenses ^(b) | — | 1,324 | 1,750 | 3,074 |
| Non-income tax expense adjustment ^(b) | (102) | (66) | — | (168) |
| Loss attributable to non-controlling interest | 778 | — | — | 778 |
| Adjusted EBITDA | <u>\$ 64,285</u> | <u>\$ 7,615</u> | <u>\$ (16,476)</u> | <u>\$ 55,424</u> |

(a) Included within subscription-based revenue in the condensed consolidated statements of operations.

(b) Included within general and administrative expense in the condensed consolidated statements of operations.

(c) Included within employee compensation expense in the condensed consolidated statements of operations.

(d) \$4.1 million was included within general and administrative expense and \$0.1 million was included within employee compensation expense in the condensed consolidated statements of operations.

Investnet, Inc.
Reconciliation of Non-GAAP Financial Measures
Segment Information (continued)
(in thousands)
(unaudited)

| | Three Months Ended March 31, 2022 | | | |
|---|-----------------------------------|-------------------------------|--------------------|------------------|
| | Investnet Wealth Solutions | Investnet Data & Analytics | Nonsegment | Total |
| Revenue | \$ 273,568 | \$ 47,795 | \$ — | \$321,363 |
| Deferred revenue fair value adjustment ^(a) | 54 | — | — | 54 |
| Adjusted revenue | <u>\$ 273,622</u> | <u>\$ 47,795</u> | <u>\$ —</u> | <u>\$321,417</u> |
| Revenue: | | | | |
| Asset-based | \$ 202,717 | \$ — | \$ — | \$202,717 |
| Subscription-based | 68,537 | 46,197 | — | 114,734 |
| Total recurring revenue | 271,254 | 46,197 | — | 317,451 |
| Professional services and other revenue | 2,314 | 1,598 | — | 3,912 |
| Total revenue | <u>\$ 273,568</u> | <u>\$ 47,795</u> | <u>\$ —</u> | <u>\$321,363</u> |
| Operating expenses: | | | | |
| Direct expense: | | | | |
| Asset-based | \$ 117,428 | \$ — | \$ — | \$117,428 |
| Subscription-based | 1,365 | 6,446 | — | 7,811 |
| Professional services and other | 15 | 28 | — | 43 |
| Total direct expense | 118,808 | 6,474 | — | 125,282 |
| Employee compensation | 78,644 | 30,166 | 18,039 | 126,849 |
| General and administrative | 27,360 | 8,611 | 8,364 | 44,335 |
| Depreciation and amortization | 23,487 | 8,131 | — | 31,618 |
| Total operating expenses | <u>\$ 248,299</u> | <u>\$ 53,382</u> | <u>\$ 26,403</u> | <u>\$328,084</u> |
| Income (loss) from operations | \$ 25,269 | \$ (5,587) | \$ (26,403) | \$ (6,721) |
| Add (deduct): | | | | |
| Deferred revenue fair value adjustment ^(a) | 54 | — | — | 54 |
| Depreciation and amortization | 23,487 | 8,131 | — | 31,618 |
| Non-cash compensation expense ^(c) | 11,290 | 3,535 | 6,989 | 21,814 |
| Restructuring charges and transaction costs ^(d) | 284 | (3) | 2,065 | 2,346 |
| Severance ^(c) | 1,410 | 1,642 | 54 | 3,106 |
| Litigation, regulatory and other governance related expenses ^(b) | — | 3,077 | — | 3,077 |
| Non-income tax expense adjustment ^(b) | 107 | (83) | — | 24 |
| Loss attributable to non-controlling interest | 377 | — | — | 377 |
| Other | — | 2 | — | 2 |
| Adjusted EBITDA | <u>\$ 62,278</u> | <u>\$ 10,714</u> | <u>\$ (17,295)</u> | <u>\$ 55,697</u> |

(a) Included within subscription-based revenue in the condensed consolidated statements of operations.

(b) Included within general and administrative expense in the condensed consolidated statements of operations.

(c) Included within employee compensation expense in the condensed consolidated statements of operations.

(d) \$2.5 million was included within general and administrative expense and \$(0.2) million was included within employee compensation expense in the condensed consolidated statements of operations.

Investnet, Inc.
Key Metrics
(in millions, except accounts and advisors data)
(unaudited)

Investnet Wealth Solutions Segment

The following table provides information regarding the amount of assets utilizing our

platforms, financial advisors and investor accounts in the periods indicated:

| | As of | | | | |
|-------------------------------------|----------------------------------|------------------|-----------------------|----------------------|-------------------|
| | March 31, 2022 ⁽¹⁾ | June 30, 2022 | September 30, 2022 | December 31, 2022 | March 31, 2023 |
| Platform Assets | | | | | |
| Assets under Management ("AUM") | \$ 361,251 | \$ 325,209 | \$ 315,883 | \$ 341,144 | \$ 363,244 |
| Assets under Administration ("AUA") | 432,141 | 352,840 | 350,576 | 367,412 | 379,843 |
| Total AUM/A | 793,392 | 678,049 | 666,459 | 708,556 | 743,087 |
| Subscription | 4,736,537 | 4,312,114 | 4,134,414 | 4,382,109 | 4,566,971 |
| Total Platform Assets | \$ 5,529,929 | \$ 4,990,163 | \$ 4,800,873 | \$ 5,090,665 | \$ 5,310,058 |
| Platform Accounts | | | | | |
| AUM | 1,459,093 | 1,491,861 | 1,522,968 | 1,547,009 | 1,571,862 |
| AUA | 1,186,180 | 1,061,484 | 1,135,302 | 1,135,026 | 1,142,166 |
| Total AUM/A | 2,645,273 | 2,553,345 | 2,658,270 | 2,682,035 | 2,714,028 |
| Subscription | 15,151,569 | 15,312,144 | 15,596,403 | 15,665,020 | 15,779,980 |
| Total Platform Accounts | 17,796,842 | 17,865,489 | 18,254,673 | 18,347,055 | 18,494,008 |
| Advisors | | | | | |
| AUM/A | 39,800 | 38,394 | 38,417 | 38,025 | 38,611 |
| Subscription | 67,168 | 66,838 | 67,348 | 67,520 | 67,843 |
| Total Advisors | 106,968 | 105,232 | 105,765 | 105,545 | 106,454 |

(1) Certain assets and accounts have been reclassified from AUA to AUM to better reflect the nature of the services provided to certain customers.

The following table summarizes the changes in AUM and AUA for the three months ended March 31, 2023:

| | As of December 31, 2022 | Gross Sales | Redemptions | Net Flows | Market Impact | Reclass to Subscription | As of March 31, 2023 |
|---------------------------|----------------------------------|----------------|-------------|--------------|------------------|----------------------------|-------------------------|
| AUM | \$ 341,144 | \$ 24,657 | \$ (15,677) | \$ 8,980 | \$ 14,259 | \$ (1,139) | \$ 363,244 |
| AUA | 367,412 | 32,551 | (21,547) | 11,004 | 14,529 | (13,102) | 379,843 |
| Total AUM/A | \$ 708,556 | \$ 57,208 | \$ (37,224) | \$ 19,984 | \$ 28,788 | \$ (14,241) | \$ 743,087 |
| <i>Fee-Based Accounts</i> | 2,682,035 | | | 116,249 | | (84,256) | 2,714,028 |

The above AUM/A gross sales figures include \$17.1 billion in new client conversions. The Company onboarded an additional \$48.8 billion in subscription conversions during the three months ended March 31, 2023, bringing total conversions for the quarter to \$65.9 billion.

Asset and account figures in the "Reclass to Subscription" column for the three months ended March 31, 2023 represent enterprise customers whose billing arrangements in future periods are subscription-based, rather than asset-based. Such amounts are included in Subscription metrics at the end of the quarter in which the reclassification occurred, with no impact on total platform assets or accounts.

Investnet, Inc.
Key Metrics
(in millions, except firm data)
(unaudited)

Investnet Data & Analytics Segment

The following table provides information regarding the amount of paid-end users and firms using the Envestnet Data & Analytics platform in the periods indicated:

| | As of | | | | |
|------------------------|-------------------|------------------|--------------------------|-------------------------|-------------------|
| | March 31, 2022 | June 30, 2022 | September 30, 2022 | December 31, 2022 | March 31, 2023 |
| Number of paying users | 31.4 | 37.2 | 38.1 | 38.8 | 37.5 |
| Number of firms | 1,649 | 1,731 | 1,815 | 1,827 | 1,851 |

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