

November 5, 2020



Investnet Reports Third Quarter 2020 Financial Results

CHICAGO--(BUSINESS WIRE)-- Investnet (NYSE: ENV), a leading provider of intelligent systems for wealth management and financial wellness, today reported financial results for the three and nine months ended September 30, 2020.

| Key Financial Metrics (in millions except per share data) | Three months ended September 30, | | | Nine months ended September 30, | | |
|---|-------------------------------------|-----------|-------------|------------------------------------|-----------|-------------|
| | 2020 | 2019 | % Change | 2020 | 2019 | % Change |
| GAAP: | | | | | | |
| Total revenues | \$ 252.6 | \$ 236.1 | 7% | \$ 734.4 | \$ 660.2 | 11% |
| Net income (loss) | \$ 2.3 | \$ (3.0) | n/m | \$ (10.3) | \$ (20.6) | (50)% |
| Net income (loss) per diluted share attributable to Investnet, Inc. | \$ 0.03 | \$ (0.06) | n/m | \$ (0.19) | \$ (0.40) | (53)% |
| Non-GAAP: | | | | | | |
| Adjusted revenues ⁽¹⁾ | \$ 252.7 | \$ 239.3 | 6% | \$ 735.0 | \$ 666.9 | 10% |
| Adjusted net revenues ⁽¹⁾ | \$ 181.5 | \$ 175.0 | 4% | \$ 533.4 | \$ 488.4 | 9% |
| Adjusted EBITDA ⁽¹⁾ | \$ 67.6 | \$ 54.5 | 24% | \$ 178.0 | \$ 131.8 | 35% |
| Adjusted net income ⁽¹⁾ | \$ 40.2 | \$ 32.4 | 24% | \$ 103.2 | \$ 76.3 | 35% |
| Adjusted net income per diluted share ⁽¹⁾ | \$ 0.72 | \$ 0.60 | 20% | \$ 1.88 | \$ 1.46 | 29% |

n/m - not meaningful

"During the third quarter Investnet again delivered strong financial results, managing through these uncertain days, while supporting our clients and executing on our strategic plan," said Bill Crager, Chief Executive Officer.

"Our mission is to make financial wellness a reality for everyone. We are building the ecosystem that enables a new standard for personal financial services," concluded Mr. Crager.

Financial Results for the Third Quarter of 2020

Asset-based recurring revenues increased 9% from the third quarter of 2019, and represented 55% of total revenues for the third quarter of 2020 compared to 54% for the third quarter 2019. Subscription-based recurring revenues increased 7% from the third

quarter of 2019, and represented 43% of total revenues for the third quarter of 2020, consistent with the third quarter of 2019. Professional services and other non-recurring revenues decreased 22% from the prior year period. Total revenues increased 7% to \$252.6 million for the third quarter of 2020 from \$236.1 million for the third quarter of 2019.

Total operating expenses for the third quarter of 2020 increased 2% to \$240.9 million from \$236.2 million in the prior year period. Cost of revenues increased 9% to \$78.5 million for the third quarter of 2020 from \$71.9 million for the prior year period. Compensation and benefits decreased 1% to \$94.4 million for the third quarter of 2020 from \$95.6 million for the prior year period. Compensation and benefits were 37% of total revenues for the third quarter of 2020, compared to 40% in the prior year period. General and administration expenses decreased 7% to \$39.0 million for the third quarter of 2020 from \$42.0 million for the prior year period. General and administrative expenses were 15% of total revenues for the third quarter of 2020, compared to 18% in the prior year period.

Income from operations was \$11.7 million for the third quarter of 2020 compared to loss of \$0.1 million for the third quarter of 2019. Net income was \$2.3 million for the third quarter of 2020 compared to net loss of \$3.0 million for the third quarter of 2019. Net income per diluted share attributable to Envestnet, Inc. was \$0.03 for the third quarter of 2020 compared to net loss per diluted share attributable to Envestnet, Inc. of \$0.06 for the third quarter of 2019.

Adjusted revenues⁽¹⁾ for the third quarter of 2020 increased 6% to \$252.7 million from \$239.3 million for the prior year period. Adjusted net revenues⁽¹⁾ for the third quarter of 2020 increased 4% to \$181.5 million from \$175.0 million for the prior year period. Adjusted EBITDA⁽¹⁾ for the third quarter of 2020 increased 24% to \$67.6 million from \$54.5 million for the prior year period. Adjusted net income⁽¹⁾ increased 24% for the third quarter of 2020 to \$40.2 million from \$32.4 million for the prior year period. Adjusted net income per diluted share⁽¹⁾ for the third quarter of 2020 increased 20% to \$0.72 from \$0.60 in the third quarter of 2019.

Balance Sheet and Liquidity

As of September 30, 2020, the Company had \$362.9 million in cash and cash equivalents and \$862.5 million in outstanding debt. The outstanding debt as of September 30, 2020 included \$345 million in convertible notes maturing in 2023 and \$517.5 million in convertible notes maturing in 2025. The Company's \$500 million revolving credit facility was undrawn as of September 30, 2020.

Outlook

The Company provided the following outlook for the fourth quarter and full year ending December 31, 2020. This outlook is based on the market value of assets on September 30, 2020. We caution that we cannot predict the market value of our assets on any future date and, in particular, in light of recent market volatility. See "Cautionary Statement Regarding Forward-Looking Statements."

| In Millions Except Adjusted EPS | 4Q 2020 | FY 2020 |
|--|----------------|----------------|
|--|----------------|----------------|

| GAAP: | | | | | | |
|--|---------|--------|---------|---------|------|---------|
| Revenues: | | | | | | |
| Asset-based | \$141.5 | - | \$142.5 | | | |
| Subscription-based | 108.0 | - | 108.5 | | | |
| Total recurring revenues | \$249.5 | - | \$251.0 | | | |
| Professional services and other revenues | 6.0 | - | 6.5 | | | |
| Total revenues | \$255.5 | - | \$257.5 | \$989.8 | - | \$991.8 |
| Asset-based cost of revenues | \$ 74.0 | - | \$ 74.5 | \$275.6 | - | \$276.1 |
| Total cost of revenues | \$ 81.5 | - | \$ 82.0 | | | |
| | | | | | | |
| Net income | (a) | - | (a) | (a) | - | (a) |
| | | | | | | |
| Diluted shares outstanding | | 55.5 | | | 55.0 | |
| Net income per diluted share | (a) | - | (a) | (a) | - | (a) |
| | | | | | | |
| Non-GAAP: | | | | | | |
| Adjusted revenues ⁽¹⁾ : | | | | | | |
| Asset-based | \$141.5 | - | \$142.5 | | | |
| Subscription-based | 108.0 | - | 108.5 | | | |
| Total recurring revenues | \$249.5 | - | \$251.0 | | | |
| Professional services and other revenues | 6.0 | - | 6.5 | | | |
| Total revenues | \$255.5 | - | \$257.5 | \$990.5 | - | \$992.5 |
| | | | | | | |
| Adjusted net revenues ⁽¹⁾ | \$181.0 | - | \$183.5 | \$714.4 | - | \$716.9 |
| | | | | | | |
| Adjusted EBITDA ⁽¹⁾ | \$ 60.0 | - | \$ 61.0 | \$238.0 | - | \$239.0 |
| Adjusted net income per diluted share ⁽¹⁾ | | \$0.64 | | \$ 2.51 | - | \$ 2.53 |

(a) The Company 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 third quarter 2020 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://ir.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. Over 105,000 advisors and more than 5,100 companies including: 17 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 the Envestnet platform to grow their business and client relationships.

For more information on Envestnet, please visit www.envestnet.com and follow us on Twitter (@ENVintel).

(1) Non-GAAP Financial Measures

“Adjusted revenues” excludes the effect of purchase accounting on the fair value of acquired deferred revenue. Under GAAP, we record 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 does not reflect the full amount of revenue that would have been recorded by these entities had they remained stand-alone entities.

“Adjusted net revenues” represents adjusted revenues less asset-based cost of revenues. Under GAAP, we are required to recognize as revenue certain fees paid to investment managers and other third parties needed for implementation of investment solutions included in our assets under management. Those fees also are required to be recorded as cost of revenues. This non-GAAP metric presents adjusted revenues without such fees included, as they have no impact on our profitability.

Adjusted revenues and Adjusted net revenues have limitations as financial measures, should be considered as supplemental in nature and are not meant as a substitute for revenue prepared in accordance with GAAP.

“Adjusted EBITDA” represents net income before deferred revenue fair value adjustment, interest income, interest expense, accretion on contingent consideration and purchase liability, income tax provision (benefit), depreciation and amortization, non-cash compensation expense, restructuring charges and transaction costs, severance, fair market value adjustment on contingent consideration liability, litigation and regulatory related expenses, foreign currency, non-income tax expense adjustment, gain on acquisition of equity method investment, loss allocation from equity method investments and (income) loss attributable to non-controlling interest.

“Adjusted net income” represents net income before deferred revenue fair value adjustment, accretion on contingent consideration and purchase liability, non-cash interest expense, non-cash compensation expense, restructuring charges and transaction costs, severance, fair market value adjustment on contingent consideration liability, amortization of acquired intangibles, litigation and regulatory related expenses, foreign currency, non-income tax expense adjustment, gain on acquisition of equity method investment, loss allocation 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 attributable to common stockholders divided by the diluted number of weighted-average shares outstanding.

See reconciliations of Non-GAAP Financial Measures on pages 10-16 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 revenues, net income or net income 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 fourth quarter and full year of 2020, its strategic 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, a pandemic or health crisis, including the COVID-19 pandemic, and its impact on financial institutions, the global economy or capital markets, as well as our products, clients, vendors and employees, and our results of operations, the full extent of which is currently unknown; changes and volatility in financial and capital markets, which could result in changes in demand for our products or services or in the value of assets on which we earn revenue; the possibility that the anticipated benefits of any of our acquisitions will not be realized to the extent or when expected, difficulty in sustaining rapid revenue growth, which may place significant demands on our administrative, operational and financial resources, the concentration of nearly all of our revenues 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 revenues, the renegotiation of fee percentages or termination of our services by our clients, our ability to identify potential acquisition candidates, complete acquisitions and successfully integrate acquired companies, the impact of market and economic conditions on revenues, our inability to successfully execute the conversion of clients’ assets from their technology platform to our technology platforms in a timely and accurate manner, our ability to expand our relationships with existing customers, grow the number of customers and derive revenue from new offerings such as our data analytics solutions and market research services and premium financial applications, compliance failures, adverse judicial or regulatory proceedings against us, liabilities associated with potential, perceived or actual breaches of fiduciary duties and/or conflicts of interest, changes in laws and regulations, including tax laws and regulations, general economic conditions, political and regulatory conditions, the impact of fluctuations in market condition and interest rates on the demand for our products and services and the value of assets under management or administration, the impact of market

conditions on our ability to issue debt and equity, the impact of fluctuations in interest rates on our cost of borrowing, our financial performance, the results of our investments in research and development, our data center and other infrastructure, our ability to maintain the security and integrity of our systems and facilities and to maintain the privacy of personal information, failure of our systems to work properly, our ability to realize operating efficiencies, the advantages of our solutions as compared to those of others, the failure to protect our intellectual property rights, our ability to establish and maintain intellectual property rights, our ability to retain and hire necessary employees and appropriately staff our operations 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://ir.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 November 5, 2020 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.

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

| | September 30, 2020 | December 31, 2019 |
|---|-----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 362,918 | \$ 82,505 |
| Fees receivable, net | 76,328 | 67,815 |
| Prepaid expenses and other current assets | 41,966 | 32,183 |
| Total current assets | 481,212 | 182,503 |
| Property and equipment, net | 48,983 | 53,756 |
| Internally developed software, net | 87,478 | 60,263 |
| Intangible assets, net | 452,583 | 505,589 |
| Goodwill | 906,697 | 879,850 |
| Operating lease right-of-use-assets, net | 76,090 | 82,796 |
| Other non-current assets | 48,218 | 37,127 |
| Total assets | \$ 2,101,261 | \$ 1,801,884 |
| Liabilities and Equity | | |
| Current liabilities: | | |
| Accrued expenses and other liabilities | \$ 141,290 | \$ 137,944 |
| Accounts payable | 29,609 | 17,277 |

| | | |
|---|---------------------|---------------------|
| Operating lease liabilities | 13,835 | 13,816 |
| Contingent consideration | 1,549 | — |
| Deferred revenue | 40,037 | 34,753 |
| Total current liabilities | <u>226,320</u> | <u>203,790</u> |
| Convertible Notes | 749,918 | 305,513 |
| Revolving credit facility | — | 260,000 |
| Contingent consideration | 11,741 | 9,045 |
| Deferred revenue | 2,307 | 5,754 |
| Non-current operating lease liabilities | 83,820 | 88,365 |
| Deferred tax liabilities, net | 36,088 | 29,481 |
| Other non-current liabilities | 37,700 | 32,360 |
| Total liabilities | <u>1,147,894</u> | <u>934,308</u> |
| Equity: | | |
| Total stockholders' equity | 954,673 | 869,094 |
| Non-controlling interest | (1,306) | (1,518) |
| Total liabilities and equity | <u>\$ 2,101,261</u> | <u>\$ 1,801,884</u> |

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

| | Three Months Ended | | Nine Months Ended | |
|--|---------------------------|----------------|--------------------------|-----------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | |
| Asset-based | \$ 137,744 | \$ 126,591 | \$ 394,801 | \$ 355,595 |
| Subscription-based | 107,897 | 100,583 | 317,427 | 275,928 |
| Total recurring revenues | <u>245,641</u> | <u>227,174</u> | <u>712,228</u> | <u>631,523</u> |
| Professional services and other revenues | 6,918 | 8,906 | 22,183 | 28,668 |
| Total revenues | <u>252,559</u> | <u>236,080</u> | <u>734,411</u> | <u>660,191</u> |
| Operating expenses: | | | | |
| Cost of revenues | 78,545 | 71,870 | 222,327 | 205,595 |
| Compensation and benefits | 94,428 | 95,587 | 300,423 | 285,590 |
| General and administration | 38,979 | 42,016 | 118,537 | 124,961 |
| Depreciation and amortization | 28,951 | 26,735 | 85,077 | 73,167 |
| Total operating expenses | <u>240,903</u> | <u>236,208</u> | <u>726,364</u> | <u>689,313</u> |
| Income (loss) from operations | 11,656 | (128) | 8,047 | (29,122) |
| Other expense, net | <u>(8,836)</u> | <u>(9,813)</u> | <u>(18,546)</u> | <u>(23,088)</u> |

| | | | | |
|---|-----------------|-------------------|--------------------|--------------------|
| Income (loss) before income tax provision (benefit) | 2,820 | (9,941) | (10,499) | (52,210) |
| Income tax provision (benefit) | 497 | (6,977) | (161) | (31,591) |
| Net income (loss) | 2,323 | (2,964) | (10,338) | (20,619) |
| Add: Net (income) loss attributable to non-controlling interest | (413) | (116) | (12) | 247 |
| Net income (loss) attributable to Envestnet, Inc. | <u>\$ 1,910</u> | <u>\$ (3,080)</u> | <u>\$ (10,350)</u> | <u>\$ (20,372)</u> |

Net income (loss) per share attributable to Envestnet, Inc.:

| | | | | |
|---------|----------------|------------------|------------------|------------------|
| Basic | <u>\$ 0.04</u> | <u>\$ (0.06)</u> | <u>\$ (0.19)</u> | <u>\$ (0.40)</u> |
| Diluted | <u>\$ 0.03</u> | <u>\$ (0.06)</u> | <u>\$ (0.19)</u> | <u>\$ (0.40)</u> |

Weighted average common shares outstanding:

| | | | | |
|---------|-------------------|-------------------|-------------------|-------------------|
| Basic | <u>53,800,048</u> | <u>52,215,469</u> | <u>53,464,101</u> | <u>50,414,427</u> |
| Diluted | <u>55,558,983</u> | <u>52,215,469</u> | <u>53,464,101</u> | <u>50,414,427</u> |

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

Nine Months Ended
September 30,
2020 2019

OPERATING ACTIVITIES:

| | | | |
|---|--|-------------|-------------|
| Net loss | | \$ (10,338) | \$ (20,619) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| Depreciation and amortization | | 85,077 | 73,167 |
| Provision for doubtful accounts | | 2,323 | 1,243 |
| Deferred income taxes | | 79 | (37,626) |
| Non-cash compensation expense | | 45,721 | 43,167 |
| Non-cash interest expense | | 12,255 | 17,195 |
| Accretion on contingent consideration and purchase liability | | 1,308 | 1,240 |
| Payments of contingent consideration | | — | (578) |
| Fair market value adjustment to contingent consideration liability | | (2,056) | — |

| | | |
|---|-----------------|------------------|
| Gain on acquisition of equity method investment | (4,230) | — |
| Loss allocation from equity method investment | 4,280 | 1,507 |
| Impairment of right of use assets | 1,426 | — |
| Other | 556 | — |
| Changes in operating assets and liabilities, net of acquisitions: | | |
| Fees receivables, net | (10,825) | 6,164 |
| Prepaid expenses and other current assets | (11,139) | (4,784) |
| Other non-current assets | (1,807) | (6,113) |
| Accrued expenses and other liabilities | 3,393 | (9,732) |
| Accounts payable | 12,084 | (6,859) |
| Deferred revenue | 1,488 | 1,231 |
| Other non-current liabilities | 2,084 | 3,242 |
| Net cash provided by operating activities | <u>131,679</u> | <u>61,845</u> |
| INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | (8,824) | (16,098) |
| Capitalization of internally developed software | (40,257) | (23,649) |
| Investments in private companies | (13,875) | (3,200) |
| Acquisitions of businesses, net of cash acquired | (20,257) | (321,571) |
| Net cash used in investing activities | <u>(83,213)</u> | <u>(364,518)</u> |

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

| | Nine Months Ended | |
|--|--------------------------|---------------|
| | September 30, | |
| | 2020 | 2019 |
| FINANCING ACTIVITIES: | | |
| Proceeds from issuance of Convertible Notes due 2025 | 517,500 | — |
| Convertible Notes due 2025 issuance costs | (14,540) | — |
| Proceeds from borrowings on revolving credit facility | 45,000 | 175,000 |
| Payments on revolving credit facility | (305,000) | (75,000) |
| Revolving credit facility issuance costs | — | (2,103) |
| Payments of deferred consideration on past acquisitions | (1,879) | — |
| Payments of contingent consideration | — | (171) |
| Proceeds from exercise of stock options | 8,053 | 7,029 |
| Taxes paid in lieu of shares issued for stock-based compensation | (16,283) | (19,697) |
| Issuance of restricted stock units | 3 | 4 |
| Net cash provided by financing activities | <u>232,854</u> | <u>85,062</u> |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | (1,009) | (178) |

| | | |
|--|-------------------|------------------|
| INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | <u>280,311</u> | <u>(217,789)</u> |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD | 82,755 | 289,671 |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD (a) | <u>\$ 363,066</u> | <u>\$ 71,882</u> |

(a) The following table provides a reconciliation of cash, cash equivalents and restricted cash to amounts reported within the Condensed Consolidated Balance Sheets:

| | September 30, 2020 | September 30, 2019 |
|---|---------------------------|---------------------------|
| Cash and cash equivalents | \$ 362,918 | \$ 71,632 |
| Restricted cash included in prepaid expenses and other current assets | — | 82 |
| Restricted cash included in other non-current assets | 148 | 168 |
| Total cash, cash equivalents and restricted cash | <u>\$ 363,066</u> | <u>\$ 71,882</u> |

Reconciliation of Non-GAAP Financial Measures
(in thousands)
(unaudited)

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|-------------------|--------------------------|-------------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Total revenues | \$ 252,559 | \$ 236,080 | \$ 734,411 | \$ 660,191 |
| Deferred revenue fair value adjustment ^(a) | 91 | 3,250 | 607 | 6,670 |
| Adjusted revenues | 252,650 | 239,330 | 735,018 | 666,861 |
| Asset-based cost of revenues | (71,133) | (64,339) | (201,600) | (178,474) |
| Adjusted net revenues | <u>\$ 181,517</u> | <u>\$ 174,991</u> | <u>\$ 533,418</u> | <u>\$ 488,387</u> |
| Net income (loss) | \$ 2,323 | \$ (2,964) | \$ (10,338) | \$ (20,619) |
| Add (deduct): | | | | |
| Deferred revenue fair value adjustment ^(a) | 91 | 3,250 | 607 | 6,670 |
| Interest income ^(b) | (262) | (448) | (850) | (2,859) |
| Interest expense ^(b) | 8,139 | 8,986 | 21,907 | 24,345 |
| Accretion on contingent consideration and purchase liability ^(c) | 398 | 498 | 1,308 | 1,240 |
| Income tax provision (benefit) | 497 | (6,977) | (161) | (31,591) |
| Depreciation and amortization | 28,951 | 26,735 | 85,077 | 73,167 |
| Non-cash compensation expense ^(d) | 15,852 | 15,389 | 43,197 | 43,241 |

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Restructuring charges and transaction costs (e) | 4,993 | 4,151 | 14,461 | 24,725 |
| Severance (f) | 2,715 | 2,387 | 18,566 | 8,147 |
| Fair market value adjustment on contingent consideration liability (c) | (74) | — | (2,056) | — |
| Non-recurring litigation and regulatory related expenses (c) | 1,809 | 2,065 | 6,029 | 2,065 |
| Foreign currency (b) | (37) | 363 | (68) | 208 |
| Non-income tax expense adjustment (c) | 1,795 | 362 | 1,341 | 1,480 |
| Non-recurring gain (b) | — | — | (4,230) | — |
| Loss allocation from equity method investments (b) | 994 | 957 | 4,280 | 1,507 |
| (Income) loss attributable to non-controlling interest | (603) | (210) | (1,103) | 31 |
| Adjusted EBITDA | <u>\$ 67,581</u> | <u>\$ 54,544</u> | <u>\$177,967</u> | <u>\$131,757</u> |

- (a) For the three months ended September 30, 2020 and 2019, \$91 and \$3,249 were included within subscription-based revenues, respectively, in the condensed consolidated statements of operations. For the nine months ended September 30, 2020 and 2019, \$605 and \$6,664 were included within subscription-based revenues, respectively, in the condensed consolidated statements of operations. The remaining amounts for all periods were included within professional services and other revenues 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 expenses in the condensed consolidated statements of operations.
- (d) For the three months ended September 30, 2020, the entire amount was included in compensation and benefits in the condensed consolidated statements of operations. For the nine months ended September 30, 2020, \$45,721 was included in compensation and benefits and a fair value adjustment of \$(2,524) included in other expense, net, in the condensed consolidated statements of operations. All of 2019 included in compensation and benefits in the condensed consolidated statements of operations.
- (e) For the three months ended September 30, 2020 and 2019, \$3,992 and \$3,240 were included within general and administrative expenses, respectively, in the condensed consolidated statements of operations. For the three months ended September 30, 2020 and 2019, \$969 and \$911 were included within compensation and benefits, respectively, in the condensed consolidated statements of operations. For the nine months ended September 30, 2020 and 2019, \$11,485 and \$14,071 were included within general and administrative expenses, respectively, in the condensed consolidated statements of operations. For the nine months ended September 30, 2020 and 2019, \$2,764 and \$10,654 were included within compensation and benefits, respectively, in the condensed consolidated statements of operations. The remaining amounts for the 2020 periods were included within other expense, net in the condensed consolidated statements of operations.

- (f) Included within compensation and benefits 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 | | Nine Months Ended | |
|---|--------------------|------------------|-------------------|------------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Net income (loss) | \$ 2,323 | \$ (2,964) | \$ (10,338) | \$ (20,619) |
| Income tax provision (benefit) ^(a) | 497 | (6,977) | (161) | (31,591) |
| Loss before income tax provision (benefit) | 2,820 | (9,941) | (10,499) | (52,210) |
| Add (deduct): | | | | |
| Deferred revenue fair value adjustment ^(b) | 91 | 3,250 | 607 | 6,670 |
| Accretion on contingent consideration and purchase liability ^(d) | 398 | 498 | 1,308 | 1,240 |
| Non-cash interest expense ^(c) | 4,738 | 5,006 | 10,682 | 14,268 |
| Non-cash compensation expense ^(f) | 15,852 | 15,389 | 43,197 | 43,241 |
| Restructuring charges and transaction costs ^(e) | 4,993 | 4,151 | 14,461 | 24,725 |
| Severance ^(g) | 2,715 | 2,387 | 18,566 | 8,147 |
| Fair market value adjustment on contingent consideration liability ^(d) | (74) | — | (2,056) | — |
| Amortization of acquired intangibles ^(h) | 18,510 | 19,242 | 56,014 | 51,048 |
| Non-recurring litigation and regulatory related expenses ^(d) | 1,809 | 2,065 | 6,029 | 2,065 |
| Foreign currency ^(c) | (37) | 363 | (68) | 208 |
| Non-income tax expense adjustment ^(d) | 1,795 | 362 | 1,341 | 1,480 |
| Non-recurring gain ^(c) | — | — | (4,230) | — |
| Loss allocation from equity method investments ^(c) | 994 | 957 | 4,280 | 1,507 |
| (Income) loss attributable to non-controlling interest | (603) | (210) | (1,103) | 31 |
| Adjusted net income before income tax effect | 54,001 | 43,519 | 138,529 | 102,420 |
| Income tax effect ⁽ⁱ⁾ | (13,772) | (11,097) | (35,325) | (26,117) |
| Adjusted net income | <u>\$ 40,229</u> | <u>\$ 32,422</u> | <u>\$ 103,204</u> | <u>\$ 76,303</u> |

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Basic number of weighted-average shares outstanding | 53,800,048 | 52,215,469 | 53,464,101 | 50,414,427 |
| Effect of dilutive shares: | | | | |
| Options to purchase common stock | 331,728 | 953,184 | 458,232 | 1,107,995 |
| Unvested restricted stock units | 610,442 | 548,057 | 548,858 | 662,364 |
| Convertible notes | 730,267 | 9,875 | 280,375 | 11,637 |
| Warrants | 86,498 | — | 46,562 | — |
| Diluted number of weighted-average shares outstanding | <u>55,558,983</u> | <u>53,726,585</u> | <u>54,798,128</u> | <u>52,196,423</u> |
| Adjusted net income per share - diluted | <u>\$ 0.72</u> | <u>\$ 0.60</u> | <u>\$ 1.88</u> | <u>\$ 1.46</u> |

- (a) For the three months ended September 30, 2020 and 2019, the effective tax rate computed in accordance with GAAP equaled 17.6% and 70.2%, respectively. For the nine months ended September 30, 2020 and 2019, the effective tax rate computed in accordance with GAAP equaled 1.5% and 60.5%, respectively.
- (b) For the three months ended September 30, 2020 and 2019, \$91 and \$3,249 were included within subscription-based revenues, respectively, in the condensed consolidated statements of operations. For the nine months ended September 30, 2020 and 2019, \$605 and \$6,664 were included within subscription-based revenues, respectively, in the condensed consolidated statements of operations. The remaining amounts for all periods were included within professional services and other revenues in the condensed consolidated statements of operations.
- (c) Included within other expense, net in the condensed consolidated statements of operations.
- (d) Included within general and administrative expenses in the condensed consolidated statements of operations.
- (e) For the three months ended September 30, 2020 and 2019, \$3,992 and \$3,240 were included within general and administrative expenses, respectively, in the condensed consolidated statements of operations. For the three months ended September 30, 2020 and 2019, \$969 and \$911 were included within compensation and benefits, respectively, in the condensed consolidated statements of operations. For the nine months ended September 30, 2020 and 2019, \$11,485 and \$14,071 were included within general and administrative expenses, respectively, in the condensed consolidated statements of operations. For the nine months ended September 30, 2020 and 2019, \$2,764 and \$10,654 were included within compensation and benefits, respectively, in the condensed consolidated statements of operations. The remaining amounts for the 2020 periods were included within other expense, net in the condensed consolidated statements of operations.
- (f) For the three months ended September 30, 2020, \$15,852 included in compensation and benefits in the condensed consolidated statements of operations. For the nine months ended September 30, 2020, \$45,721 included in compensation and benefits and a fair value adjustment of \$(2,524) included in other expense, net, in the condensed consolidated statements of operations. All of 2019 included in compensation and benefits in the condensed consolidated statements of operations.
- (g) Included within compensation and benefits in the condensed consolidated statements of operations.

- (h) Included within depreciation and amortization in the condensed consolidated statements of operations.
- (i) An estimated normalized effective tax rate of 25.5% have been used to compute adjusted net income for the three and nine months ended September 30, 2020 and 2019.

Reconciliation of Non-GAAP Financial Measures
Segment Information
(in thousands)
(unaudited)

Three months ended September 30, 2020

| | Investnet Wealth Solutions | Investnet Data & Analytics | Nonsegment | Total |
|---|---------------------------------------|---|-------------------|------------------|
| Total Revenues | \$ 204,294 | \$ 48,265 | \$ — | \$252,559 |
| Deferred revenue fair value adjustment ^(a) | 91 | — | — | 91 |
| Adjusted revenues | 204,385 | 48,265 | — | 252,650 |
| Less: Asset-based cost of revenues | (71,133) | — | — | (71,133) |
| Adjusted net revenues | <u>\$ 133,252</u> | <u>\$ 48,265</u> | <u>\$ —</u> | <u>\$181,517</u> |
| Revenues: | | | | |
| Asset-based | \$ 137,744 | \$ — | \$ — | \$137,744 |
| Subscription-based | 62,783 | 45,114 | — | 107,897 |
| Total recurring revenues | 200,527 | 45,114 | — | 245,641 |
| Professional services and other revenues | 3,767 | 3,151 | — | 6,918 |
| Total revenues | <u>204,294</u> | <u>48,265</u> | <u>—</u> | <u>252,559</u> |
| Operating expenses: | | | | |
| Cost of revenues: | | | | |
| Asset-based | 71,133 | — | — | 71,133 |
| Subscription-based | 1,272 | 6,019 | — | 7,291 |
| Professional services and other | 30 | 91 | — | 121 |
| Total cost of revenues | <u>72,435</u> | <u>6,110</u> | <u>—</u> | <u>78,545</u> |
| Compensation and benefits | 59,522 | 26,540 | 8,366 | 94,428 |
| General and administration | 22,248 | 8,308 | 8,423 | 38,979 |
| Depreciation and amortization | 20,406 | 8,545 | — | 28,951 |
| Total operating expenses | <u>\$ 174,611</u> | <u>\$ 49,503</u> | <u>\$ 16,789</u> | <u>\$240,903</u> |
| Income (loss) from operations | \$ 29,683 | \$ (1,238) | \$ (16,789) | \$ 11,656 |

Add:

| | | | | |
|---|------------------|------------------|-------------------|------------------|
| Deferred revenue fair value adjustment ^(a) | 91 | — | — | 91 |
| Accretion on contingent consideration and purchase liability ^(b) | 341 | 57 | — | 398 |
| Depreciation and amortization | 20,406 | 8,545 | — | 28,951 |
| Non-cash compensation expense ^(c) | 8,685 | 4,458 | 2,709 | 15,852 |
| Restructuring charges and transaction costs ^(d) | 944 | 33 | 4,016 | 4,993 |
| Non-income tax expense adjustment ^(b) | 1,860 | (65) | — | 1,795 |
| Severance ^(c) | 2,154 | 495 | 66 | 2,715 |
| Fair market value adjustment on contingent consideration liability ^(b) | — | (74) | — | (74) |
| Non-recurring litigation and regulatory related expenses ^(b) | — | 1,809 | — | 1,809 |
| Income attributable to non-controlling interest | (603) | — | — | (603) |
| Other | (2) | — | — | (2) |
| Adjusted EBITDA | <u>\$ 63,559</u> | <u>\$ 14,020</u> | <u>\$ (9,998)</u> | <u>\$ 67,581</u> |

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

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

(c) Included within compensation and benefits in the condensed consolidated statements of operations.

(d) \$3,992 included within general and administrative expenses, \$969 included within compensation and benefits and \$32 included within other expense, net in the condensed consolidated statements of operations.

**Reconciliation of Non-GAAP Financial Measures
Segment Information (continued)
(in thousands)
(unaudited)**

Nine months ended September 30, 2020

| | Investnet Wealth Solutions | Investnet Data & Analytics | Nonsegment | Total |
|----------------|-------------------------------|-------------------------------|------------|------------|
| Total Revenues | \$ 590,399 | \$ 144,012 | \$ — | \$ 734,411 |

| | | | | |
|---|-------------------|-------------------|------------------|------------------|
| Deferred revenue fair value adjustment ^(a) | 607 | — | — | 607 |
| Adjusted revenues | 591,006 | 144,012 | — | 735,018 |
| Less: Asset-based cost of revenues | (201,600) | — | — | (201,600) |
| Adjusted net revenues | <u>\$ 389,406</u> | <u>\$ 144,012</u> | <u>\$ —</u> | <u>\$533,418</u> |
| Revenues: | | | | |
| Asset-based | \$ 394,801 | \$ — | \$ — | \$394,801 |
| Subscription-based | 184,516 | 132,911 | — | 317,427 |
| Total recurring revenues | 579,317 | 132,911 | — | 712,228 |
| Professional services and other revenues | 11,082 | 11,101 | — | 22,183 |
| Total revenues | 590,399 | 144,012 | — | 734,411 |
| Operating expenses: | | | | |
| Cost of revenues: | | | | |
| Asset-based | 201,600 | — | — | 201,600 |
| Subscription-based | 3,691 | 16,684 | — | 20,375 |
| Professional services and other | 47 | 305 | — | 352 |
| Total cost of revenues | 205,338 | 16,989 | — | 222,327 |
| Compensation and benefits | 194,906 | 82,455 | 23,062 | 300,423 |
| General and administration | 69,358 | 26,162 | 23,017 | 118,537 |
| Depreciation and amortization | 59,907 | 25,170 | — | 85,077 |
| Total operating expenses | <u>\$ 529,509</u> | <u>\$ 150,776</u> | <u>\$ 46,079</u> | <u>\$726,364</u> |
| Income (loss) from operations | \$ 60,890 | \$ (6,764) | \$ (46,079) | \$ 8,047 |
| Add: | | | | |
| Deferred revenue fair value adjustment ^(a) | 607 | — | — | 607 |
| Accretion on contingent consideration and purchase liability ^(b) | 1,087 | 221 | — | 1,308 |
| Depreciation and amortization | 59,907 | 25,170 | — | 85,077 |
| Non-cash compensation expense ^(c) | 27,437 | 11,665 | 6,619 | 45,721 |
| Restructuring charges and transaction costs ^(d) | 5,864 | 489 | 8,108 | 14,461 |
| Non-income tax expense adjustment ^(b) | 1,532 | (191) | — | 1,341 |

| | | | | |
|---|---------|---------|-------|---------|
| Severance ^(c) | 14,593 | 2,587 | 1,386 | 18,566 |
| Fair market value adjustment on contingent consideration liability ^(b) | — | (2,056) | — | (2,056) |
| Non-recurring litigation and regulatory related expenses ^(b) | — | 6,029 | — | 6,029 |
| Income attributable to non-controlling interest | (1,103) | — | — | (1,103) |
| Other | (31) | — | — | (31) |

Adjusted EBITDA \$ 170,783 \$ 37,150 \$ (29,966) \$ 177,967

- (a) \$605 included within subscription-based revenues and \$2 included within professional services and other revenues in the condensed consolidated statements of operations.
- (b) Included within general and administrative expenses in the condensed consolidated statements of operations.
- (c) Included within compensation and benefits in the condensed consolidated statements of operations.
- (d) \$11,485 included within general and administrative expenses, \$2,764 included within compensation and benefits and \$212 included within other expense, net in the condensed consolidated statements of operations.

**Reconciliation of Non-GAAP Financial Measures
Segment Information (continued)**
(in thousands)
(unaudited)

Three months ended September 30, 2019

| | Investnet Wealth Solutions | Investnet Data & Analytics | Nonsegment | Total |
|---|-------------------------------|-------------------------------|-------------|-------------------|
| Revenues | \$ 188,224 | \$ 47,856 | \$ — | \$ 236,080 |
| Deferred revenue fair value adjustment ^(a) | 3,250 | — | — | 3,250 |
| Adjusted revenues | 191,474 | 47,856 | — | 239,330 |
| Less: Asset-based cost of revenues | (64,339) | — | — | (64,339) |
| Adjusted net revenues | <u>\$ 127,135</u> | <u>\$ 47,856</u> | <u>\$ —</u> | <u>\$ 174,991</u> |

Revenues:

| | | | | |
|--|------------|--------|------|------------|
| Asset-based | \$ 126,591 | \$ — | \$ — | \$ 126,591 |
| Subscription-based | 57,353 | 43,230 | — | 100,583 |
| Total recurring revenues | 183,944 | 43,230 | — | 227,174 |
| Professional services and other revenues | 4,280 | 4,626 | — | 8,906 |

| | | | | |
|---|------------|------------|-------------|------------|
| Total revenues | 188,224 | 47,856 | — | 236,080 |
| Operating expenses: | | | | |
| Cost of revenues: | | | | |
| Asset-based | 64,339 | — | — | 64,339 |
| Subscription-based | 1,248 | 6,030 | — | 7,278 |
| Professional services and other | 165 | 88 | — | 253 |
| Total cost of revenues | 65,752 | 6,118 | — | 71,870 |
| Compensation and benefits | 60,836 | 28,956 | 5,795 | 95,587 |
| General and administration | 25,476 | 11,573 | 4,967 | 42,016 |
| Depreciation and amortization | 18,414 | 8,321 | — | 26,735 |
| Total operating expenses | \$ 170,478 | \$ 54,968 | \$ 10,762 | \$ 236,208 |
| Income (loss) from operations | \$ 17,746 | \$ (7,112) | \$ (10,762) | \$ (128) |
| Add: | | | | |
| Deferred revenue fair value adjustment ^(a) | 3,250 | — | — | 3,250 |
| Accretion on contingent consideration and purchase liability ^(b) | 498 | — | — | 498 |
| Depreciation and amortization | 18,414 | 8,321 | — | 26,735 |
| Non-cash compensation expense ^(c) | 9,317 | 3,844 | 2,228 | 15,389 |
| Restructuring charges and transaction costs ^(d) | 733 | 624 | 2,794 | 4,151 |
| Non-income tax expense adjustment ^(b) | 299 | 63 | — | 362 |
| Severance ^(c) | 1,076 | 1,218 | 93 | 2,387 |
| Non-recurring litigation and regulatory related expenses ^(b) | — | 2,065 | — | 2,065 |
| Loss attributable to non-controlling interest | (210) | — | — | (210) |
| Other | 46 | (1) | — | 45 |
| Adjusted EBITDA | \$ 51,169 | \$ 9,022 | \$ (5,647) | \$ 54,544 |

(a) \$3,249 included within subscription-based revenues and \$1 included within professional services and other revenues in the condensed consolidated statements of operations.

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

- (c) Included within compensation and benefits in the condensed consolidated statements of operations.
- (d) \$3,240 included within general and administrative expenses and \$911 included within compensation and benefits in the condensed consolidated statements of operations.

**Reconciliation of Non-GAAP Financial Measures
Segment Information (continued)**
(in thousands)
(unaudited)

Nine Months Ended September 30, 2019

| | Investnet Wealth Solutions | Investnet Data & Analytics | Nonsegment | Total |
|---|---------------------------------------|---|-------------------|------------------|
| Revenues | \$ 517,819 | \$ 142,372 | \$ — | \$660,191 |
| Deferred revenue fair value adjustment ^(a) | 6,670 | — | — | 6,670 |
| Adjusted revenues | 524,489 | 142,372 | — | 666,861 |
| Less: Asset-based cost of revenues | (178,474) | — | — | (178,474) |
| Adjusted net revenues | <u>\$ 346,015</u> | <u>\$ 142,372</u> | <u>\$ —</u> | <u>\$488,387</u> |
| Revenues: | | | | |
| Asset-based | \$ 355,595 | \$ — | \$ — | \$355,595 |
| Subscription-based | 148,457 | 127,471 | — | 275,928 |
| Total recurring revenues | 504,052 | 127,471 | — | 631,523 |
| Professional services and other revenues | 13,767 | 14,901 | — | 28,668 |
| Total revenues | <u>517,819</u> | <u>142,372</u> | <u>—</u> | <u>660,191</u> |
| Operating expenses: | | | | |
| Cost of revenues: | | | | |
| Asset-based | 178,474 | — | — | 178,474 |
| Subscription-based | 4,371 | 17,281 | — | 21,652 |
| Professional services and other | 5,012 | 457 | — | 5,469 |
| Total cost of revenues | 187,857 | 17,738 | — | 205,595 |
| Compensation and benefits | 165,610 | 91,913 | 28,067 | 285,590 |
| General and administration | 71,326 | 29,611 | 24,024 | 124,961 |
| Depreciation and amortization | 46,057 | 27,110 | — | 73,167 |
| Total operating expenses | <u>\$ 470,850</u> | <u>\$ 166,372</u> | <u>\$ 52,091</u> | <u>\$689,313</u> |
| Income (loss) from operations | \$ 46,969 | \$ (24,000) | \$ (52,091) | \$ (29,122) |
| Add: | | | | |

| | | | | |
|---|------------|-----------|-------------|------------|
| Deferred revenue fair value adjustment ^(a) | 6,670 | — | — | 6,670 |
| Accretion on contingent consideration and purchase liability ^(b) | 1,240 | — | — | 1,240 |
| Depreciation and amortization | 46,057 | 27,110 | — | 73,167 |
| Non-cash compensation expense ^(c) | 23,586 | 11,799 | 7,856 | 43,241 |
| Restructuring charges and transaction costs ^(d) | 1,789 | 1,393 | 21,543 | 24,725 |
| Non-income tax expense adjustment ^(b) | 1,407 | 73 | — | 1,480 |
| Severance ^(c) | 2,244 | 5,714 | 189 | 8,147 |
| Non-recurring litigation and regulator related expenses ^(b) | — | 2,065 | — | 2,065 |
| Loss attributable to non-controlling interest | 31 | — | — | 31 |
| Other | 111 | — | 2 | 113 |
| Adjusted EBITDA | \$ 130,104 | \$ 24,154 | \$ (22,501) | \$ 131,757 |

(a) \$6,664 included within subscription-based revenues and \$6 included within professional services and other revenues in the condensed consolidated statements of operations.

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

(c) Included within compensation and benefits in the condensed consolidated statements of operations.

(d) \$14,071 included within general and administrative expenses and \$10,654 included within compensation and benefits in the condensed consolidated statements of operations.

Investnet, Inc.
Historical Assets, Accounts and Advisors
(in millions, except accounts and advisors)
(unaudited)

| As of | | | | |
|--|----------------------|-------------------|------------------|-----------------------|
| September 30, 2019 | December 31, 2019 | March 31, 2020 | June 30, 2020 | September 30, 2020 |
| (in millions, except accounts and advisors data) | | | | |

Platform Assets

Assets under Management (“AUM”)

| | | | | |
|------------|------------|------------|------------|------------|
| \$ 188,739 | \$ 207,083 | \$ 185,065 | \$ 215,994 | \$ 228,905 |
|------------|------------|------------|------------|------------|

| | | | | | |
|-------------------------------------|--------------|--------------|-------------|-------------|--------------|
| Assets under Administration ("AUA") | 316,742 | 343,505 | 312,472 | 344,957 | 375,860 |
| Total AUM/A | 505,481 | 550,588 | 497,537 | 560,951 | 604,765 |
| Subscription | 2,947,582 | 3,205,281 | 2,875,394 | 3,247,400 | 3,498,353 |
| Total Platform Assets | \$ 3,453,063 | \$ 3,755,869 | \$3,372,931 | \$3,808,351 | \$ 4,103,118 |
| Platform Accounts | | | | | |
| AUM | 934,811 | 935,039 | 970,896 | 1,007,386 | 1,018,817 |
| AUA | 1,136,430 | 1,193,882 | 1,254,856 | 1,252,247 | 1,318,730 |
| Total AUM/A | 2,071,241 | 2,128,921 | 2,225,752 | 2,259,633 | 2,337,547 |
| Subscription | 9,692,714 | 9,793,175 | 10,090,172 | 10,003,156 | 10,639,399 |
| Total Platform Accounts | 11,763,955 | 11,922,096 | 12,315,924 | 12,262,789 | 12,976,946 |
| Advisors | | | | | |
| AUM/A | 39,735 | 40,563 | 40,971 | 41,206 | 41,450 |
| Subscription | 60,319 | 61,180 | 62,077 | 62,404 | 63,862 |
| Total Advisors | 100,054 | 101,743 | 103,048 | 103,610 | 105,312 |

The following table summarizes the changes in AUM and AUA for the three months ended September 30, 2020:

| | 6/30/2020 | Gross Sales | Redemptions | Net Flows | Market Impact | 9/30/2020 |
|-----------------------------------|------------|-------------|-------------|-----------|---------------|------------|
| (in millions except account data) | | | | | | |
| AUM | \$ 215,994 | \$ 12,526 | \$ (10,151) | \$ 2,375 | \$ 10,536 | \$ 228,905 |
| AUA | 344,957 | 33,944 | (19,618) | 14,326 | 16,577 | 375,860 |
| Total AUM/A | \$ 560,951 | \$ 46,470 | \$ (29,769) | \$ 16,701 | \$ 27,113 | \$ 604,765 |

Fee-Based Accounts 2,259,633 77,914 2,337,547

The above AUM/A gross sales figures include \$8.4 billion in new client conversions. The Company onboarded an additional \$33.9 billion in subscription conversions during the three months ended September 30, 2020, bringing total conversions for the quarter to \$42.3 billion.

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