

# CLEAR<sup>®</sup>



**Shareholder Letter**  
**Q1 2023**



# CLEAR®

Shareholder Letter  
Q1 2023

## First Quarter 2023 Financial Highlights

(all figures are for First Quarter 2023 and percentage change is expressed as year-over-year, unless otherwise specified)\*

- › Revenue of \$132.4 million was up 46.2% while Total Bookings of \$149.7 million were up 38.9%
- › Net cash provided by operating activities of \$60.8 million; Free Cash Flow of \$51.3 million
- › Total Cumulative Enrollments of 16.2 million were up 37.1%
- › Annual CLEAR Plus Net Member Retention of 91.3% was down 400 basis points year-over-year and 60 basis points sequentially
- › Total Cumulative Platform Uses of 141.1 million were up 48.1%
- › Net loss of \$8.3 million, which includes \$0.6 million of non-cash equity-based compensation costs related to vesting of previously issued warrants, \$0.9 million of pre-IPO employee performance awards, \$1.5 million of non-cash lease impairment and a \$2.1 million non-cash asset impairment
- › Net loss per common share basic and diluted of (\$0.06), which includes \$0.01 impact of non-cash equity-based compensation costs related to vesting of previously issued warrants, \$0.01 of pre-IPO employee performance awards, \$0.01 of non-cash lease impairment and \$0.01 of a non-cash asset impairment
- › Adjusted net income of \$8.8 million; Adjusted EBITDA of \$10.6 million
- › Adjusted net income per common share, basic and diluted \$0.06
- › Launched a record 12 new airports and expanded four locations since first quarter 2022—52 CLEAR Plus airports with the launch of Bradley International Airport in April 2023
- › RESERVE powered by CLEAR live in 17 airports
- › LinkedIn and CLEAR partnered to enhance digital safety and trust at scale
- › Partnered with Health Gorilla to empower consumers to securely access and control their health information
- › Repurchased 281,838 Class A Common Stock at an average \$22.94 per share; Declared a \$0.20 special dividend to holders of Class A and Class B Common Stock as of May 18, 2023, payable on May 25, 2023

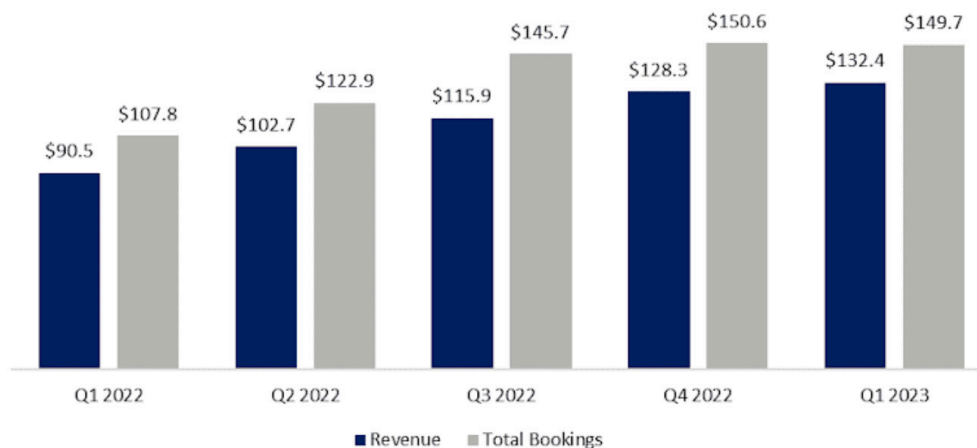
*“Now more than ever, trust online matters. Authenticated identity—the ability to prove who you really are—is key to digital trust and safety,” said Caryn Seidman-Becker, CLEAR’s CEO*

\* A reconciliation of non-GAAP financial measures to the most comparable GAAP measures is provided at the end of this letter.



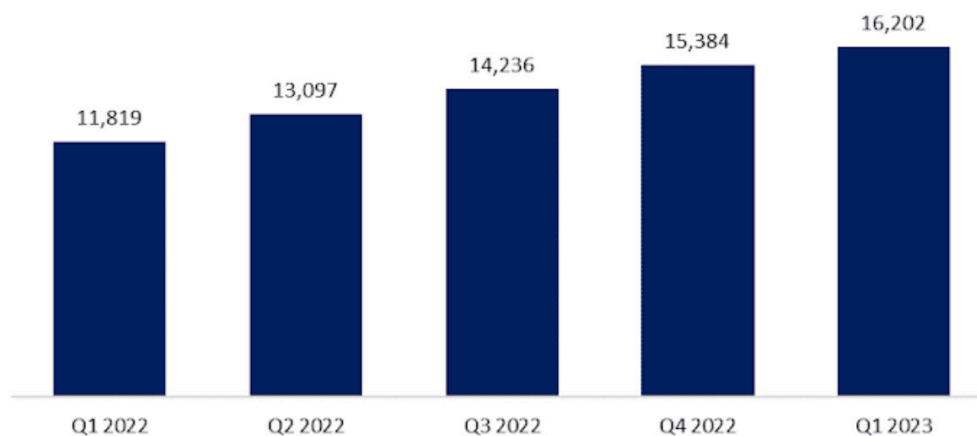


## Total Bookings & GAAP Revenue



*in millions*

## Total Cumulative Enrollments



*in thousands*

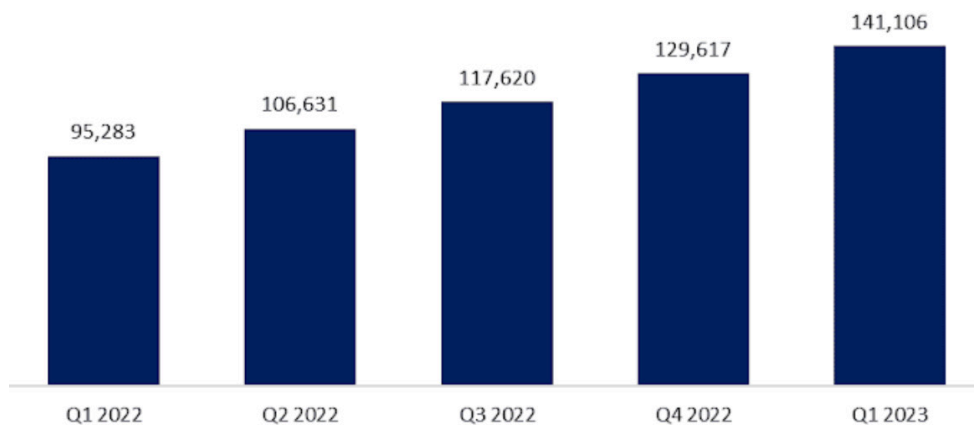




# CLEAR®

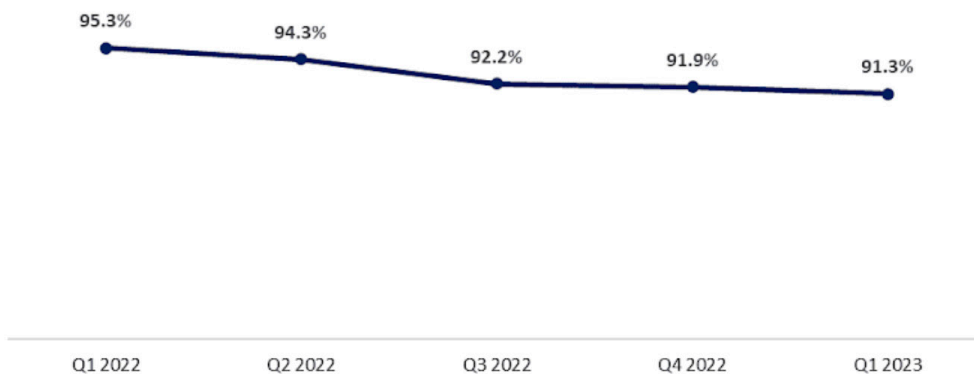
Shareholder Letter  
Q1 2023

## Total Cumulative Platform Uses



*in thousands*

## Annual CLEAR Plus Net Member Retention





# CLEAR®

Shareholder Letter  
Q1 2023

Dear Shareholder,

Identity is foundational to transforming customer experiences in both digital and physical spaces. CLEAR is building a world where your identity is universal, making experiences safer and easier.

The ability to authenticate your identity once and use it everywhere is the power of CLEAR's secure identity platform—for our members and for our partners. With CLEAR, you are *you* every time, everywhere.

Now more than ever, trust online matters. Authenticated identity—the ability to prove who you really are—is key to digital trust and safety.

CLEAR's recently announced partnership with LinkedIn is a critical step toward enhancing digital trust and safety at scale. Through CLEAR's identity as a service platform—*Powered by CLEAR*—we are empowering LinkedIn's 200 million U.S. users to verify their identity and receive a badge on their profile—for free.

This partnership strengthens and democratizes trust across LinkedIn through stronger networks, better conversations, and improved outcomes. Verified profiles provide a holistic understanding of those members' professional identities—including their education, work experience, credentials, and professional networks. It's not just about who you are, it's about all the things that make you, YOU.

In the rapidly digitizing healthcare sector, *Powered by CLEAR* is eliminating the clipboard. We continued our momentum this quarter with new partners, including Health Gorilla. We are ensuring patients and healthcare professionals can access the streamlined experience they expect in the rest of their lives.

In travel, CLEAR Plus growth exceeded expectations this quarter. We continue to see significant opportunities to introduce new products and increase members in both our established and our new markets.

As a network-effect business, our proven strategy is to launch new markets that complement existing markets—driving both growth and margins over time. Return on investment in new markets is strong, as cash break-even is typically achieved in under a year. Over the last year, we launched 12 new airports and expanded four existing locations—a groundbreaking record for CLEAR.

Expanding our network drives long-term value, despite initial margin dilution. This quarter, the new airports and expansions averaged 38% cost of direct salaries and benefits as a percentage of bookings, while our top five penetrated markets averaged 16%.<sup>1</sup> New locations and expansions have higher initial operating costs; however, operating margins scale as penetration increases.





# CLEAR®

Shareholder Letter  
Q1 2023

The power of the network effect on member growth is real, as evidenced by the “long tail” of increasing penetration we have experienced. Our top five markets average 5% penetration<sup>2</sup> and saw 29% compound membership growth since 2019 (42% year-over-year in Q1 2023). The remaining airports average 2% penetration and are well positioned for long-term growth into the future. These are still early days for CLEAR, with over a third of our markets under three years old.

CLEAR’s connected identity ecosystem is making digital and physical experiences safer and easier. We remain focused on growing members, Bookings, AND Free Cash Flow, while continuing to build a brand that members AND partners trust and love.

Best,

Caryn and Ken

<sup>1</sup> Measured as a percentage of local attributed bookings on a weighted average basis.

<sup>2</sup> As defined by CLEAR Plus active members according to home zip codes as a percentage of the Metropolitan Statistical Area (MSA)/Combined Statistical Area (CSA) population surrounding each airport. MSA/CSA Source: Census Bureau.





## First Quarter 2023 Financial Discussion

First quarter 2023 **revenue** of \$132.4 million grew 46.2% as compared to the first quarter of 2022 while **Total Bookings** of \$149.7 million grew 38.9%. We saw a continuation of the strong travel trends driving both membership growth and net retention, leading to better-than-expected Total Bookings growth. Our in-airport and partner channels continued to perform well.

First quarter 2023 **Total Cumulative Enrollments** reached 16.2 million, driven primarily by the launch of new airports and an increase in CLEAR Plus enrollments.

First quarter 2023 **Total Cumulative Platform Uses** reached 141.1 million, driven by the continued strength in air travel leading to increases in CLEAR Plus verifications.

First quarter 2023 **Annual CLEAR Plus Net Member Retention** was 91.3%, down 400 basis points year-over-year and down 60 basis points sequentially. This performance was driven by strength in gross renewals offset by a year-over-year decrease in winbacks of previously canceled members. As previously discussed, we expect long-term Annual CLEAR Plus Net Member Retention to settle in the upper 80s percentage range, above pre-pandemic levels.

**Cost of revenue share fee** was \$19.6 million in the first quarter of 2023. Cost of revenue share fee was 14.8% of revenue, up 138 basis points year-over-year and up 148 basis points sequentially. First quarter 2022 and first quarter 2023 periods both include a pandemic-related benefit of 46 basis points. Cost of revenue share percentage may vary by quarter, but on an annual basis we expect it to remain relatively stable over time.

**Cost of direct salaries and benefits** were \$33.1 million in the first quarter of 2023, up 44.2% year-over-year, and up 12.1% sequentially. As a percentage of revenue, cost of direct salaries and benefits were down 34 basis points year-over-year and up 198 basis points sequentially. Year-over-year growth was driven by 12 new airport launches and four expansions since the first quarter of 2022 (\$4.2 million of year-over-year growth, \$1.7 million of sequential increase), enrollment growth, and volume growth versus depressed pandemic levels. Excluding new airport launches and expansions, year-over-year growth was 26.0% and sequential growth was 6.3%. We expect the sequential "same-store" growth rate to moderate throughout 2023.

**Research and development** expense of \$21.9 million in the first quarter of 2023 includes \$0.2 million of non-cash equity-based compensation relating to pre-IPO employee performance awards and a \$1.1 million non-cash asset impairment. Excluding the pre-IPO employee performance award expense and non-cash asset impairment, as well as previously disclosed prior-period non-cash items, research and development expense was up 32.7% year-over-year and up 15.1% sequentially, and, as a percentage of revenue, it was down 158 basis points year-over-year and up 161 basis points sequentially.

**Sales and marketing** expense of \$9.5 million in the first quarter of 2023 includes (\$0.1) million non-cash equity-based compensation relating to pre-IPO employee performance awards. Excluding the pre-IPO employee performance award, as well as previously disclosed prior-period







## First Quarter 2023 Financial Discussion (Cont.)

non-cash items, sales and marketing expense grew 23.3% year-over-year and declined 18.0% sequentially, and, as a percentage of revenue, it was down 135 basis points year-over-year and down 189 basis points sequentially.

**General and administrative** expense of \$58.1 million in the first quarter of 2023 includes \$0.6 million of net non-cash equity-based compensation costs relating to the vesting of warrants issued pre-IPO and \$0.8 million relating to pre-IPO employee performance award units. In addition, the current period includes a \$1.5 million non-cash lease impairment and \$1.0 million in non-cash asset impairment. Excluding the pre-IPO warrant expense, pre-IPO employee performance award unit expense, the non-cash lease impairment and non-cash asset impairment, as well as previously disclosed prior-period non-cash items, general and administrative expense of \$54.2 million grew 18.2% percent year-over-year and 1.7% sequentially and as a percentage of revenue it was down 969 basis points year-over-year and 59 basis points sequentially.

**Stock compensation** expense of \$16.6 million in the first quarter of 2023 includes the following: (1) \$0.6 million of net cost relating to the vesting of warrants issued pre-IPO, and (2) \$0.9 million of non-cash compensation expense relating to pre-IPO employee performance award units. Excluding the pre-IPO warrant expense and the pre-IPO employee performance award unit expense, stock compensation expense of \$15.2 million was up 16.1% year-over-year and down 4.0% sequentially.

**Net loss** in the first quarter 2023 was \$8.3 million, **net loss per common share basic and diluted** was (\$0.06). Excluding the non-cash equity-based compensation cost of \$0.6 million related to pre-IPO warrants and \$0.9 million related to the pre-IPO employee performance award units, the \$1.5 million non-cash lease impairment and \$2.1 million non-cash asset impairment, net loss was \$3.2 million and net loss per common share basic and diluted was (\$0.02).

First quarter 2023 **adjusted net income** was \$8.8 million, **adjusted net income per common share, basic and diluted** was \$0.06.

First quarter 2023 **net cash provided by operating activities** was \$60.8 million, **Free Cash Flow** was \$51.3 million, and **Adjusted EBITDA** was \$10.6 million. Because of CLEAR Plus revenue recognition policies, when Total Bookings are growing, net cash provided by operating activities and Free Cash Flow may exceed Adjusted EBITDA and net income.

As of March 31, 2023, our cash and cash equivalents, marketable securities, and restricted cash totaled \$778.9 million.

As of May 4, 2023, the following shares of common stock were outstanding: Class A Common Stock 90,263,612, Class B Common Stock 907,234, Class C Common Stock 36,242,191, and Class D Common Stock 25,796,690, **totaling 153,209,727 shares of common stock.**







**CLEAR®**

Shareholder Letter  
Q1 2023

## First Quarter 2023 Financial Discussion (Cont.)

During the three-months ended March 31, 2023, we used \$6.5 million to repurchase and retire 281,838 shares of its Class A Common Stock at an average price of \$22.94, \$2.4 million to net-settle RSUs and \$6 million to make a minority equity investment.

In total, common stock outstanding grew 2% year over year, but was flat when excluding the exercise of a total of 3.2 million warrants into Class A Common Stock by United Airlines in September 2022, October 2022, and January 2023.

## Second Quarter and Full Year 2023 Guidance

We expect second quarter 2023 revenue of \$139-\$141 million and Total Bookings of \$158-\$160 million.

In December 2022, we received Authority to Operate from TSA for TSA PreCheck® Enrollment Provided by CLEAR. We expect a soft launch in mid-2023 and bookings and revenue from this program will build throughout the back half of 2023. TSA PreCheck® bookings will be recognized as revenue in the quarter they are received. Second quarter guidance does not include any contribution from TSA PreCheck®.

For fiscal year 2023, we expect to demonstrate operating leverage and growth in Free Cash Flow as compared to fiscal year 2022.





# CLEAR®

Shareholder Letter  
Q1 2023

## CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (dollars in thousands, except share and per share data)

	March 31, 2023	December 31, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 39,089	\$ 38,939
Marketable securities	708,919	665,810
Accounts receivable	962	1,169
Prepaid revenue share fee	17,774	17,585
Prepaid expenses and other current assets	17,855	18,097
Total current assets	784,599	741,600
Property and equipment, net	68,039	57,924
Right of use asset, net	120,592	123,880
Intangible assets, net	21,485	22,292
Goodwill	58,807	58,807
Restricted cash	30,882	29,945
Other assets	9,189	3,069
Total assets	<b>\$ 1,093,593</b>	<b>\$ 1,037,517</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 11,172	\$ 7,951
Accrued liabilities	155,603	106,070
Deferred revenue	297,823	283,452
Total current liabilities	464,598	397,473
Other long term liabilities	130,483	129,123
Total liabilities	595,081	526,596
Commitments and contingencies		
Class A Common Stock, \$0.00001 par value - 1,000,000,000 shares authorized; 90,214,391 shares issued and outstanding as of March 31, 2023 and 87,841,336 shares issued and 87,760,831 shares outstanding as of December 31, 2022	1	1
Class B Common Stock, \$0.00001 par value - 100,000,000 shares authorized; 907,234 shares issued and outstanding as of March 31, 2023 and 907,234 shares issued and outstanding as of December 31, 2022	—	—
Class C Common Stock, \$0.00001 par value - 200,000,000 shares authorized; 36,242,191 shares issued and outstanding as of March 31, 2023 and 38,290,964 shares issued and outstanding as of December 31, 2022	—	—
Class D Common Stock, \$0.00001 par value - 100,000,000 shares authorized; 25,796,690 shares issued and outstanding as of March 31, 2023 and 25,796,690 shares issued and outstanding as of December 31, 2022	—	—
Accumulated other comprehensive loss	(591)	(1,529)
Treasury stock at cost, 0 shares as of March 31, 2023 and 80,505 shares as of December 31, 2022	—	—
Accumulated deficit	(107,021)	(101,797)
Additional paid-in capital	404,385	394,390
Total stockholders' equity attributable to Clear Secure, Inc.	296,774	291,065
Non-controlling interest	201,738	219,856
Total stockholders' equity	498,512	510,921
Total liabilities and stockholders' equity	<b>\$ 1,093,593</b>	<b>\$ 1,037,517</b>



# CLEAR®

Shareholder Letter  
Q1 2023

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(dollars in thousands, except per share data)

	Three Months Ended	
	March 31, 2023	March 31, 2022
<b>Revenue</b>	<b>\$ 132,356</b>	<b>\$ 90,539</b>
<b>Operating expenses:</b>		
Cost of revenue share fee	19,570	\$ 12,142
Cost of direct salaries and benefits	33,146	\$ 22,980
Research and development	21,944	\$ 15,512
Sales and marketing	9,509	\$ 7,826
General and administrative	58,078	\$ 45,926
Depreciation and amortization	5,167	\$ 4,384
<b>Operating loss</b>	<b>(15,058)</b>	<b>(18,231)</b>
<b>Other income (expense):</b>		
Interest income (expense), net	6,392	\$ 7
Other income (expense), net	274	\$ (268)
<b>Loss before tax</b>	<b>(8,392)</b>	<b>(18,492)</b>
Income tax benefit (expense)	119	\$ (302)
<b>Net loss</b>	<b>(8,273)</b>	<b>(18,794)</b>
Less: net loss attributable to non-controlling interests	(3,049)	(8,467)
<b>Net loss attributable to Clear Secure, Inc.</b>	<b>\$ (5,224)</b>	<b>\$ (10,327)</b>
<b>Net loss per share of Class A Common Stock and Class B Common Stock</b>		
Net loss per common share basic and diluted, Class A	\$ (0.06)	\$ (0.13)
Net loss per common share basic and diluted, Class B	\$ (0.06)	\$ (0.13)
Weighted-average shares of Class A Common Stock outstanding	89,614,791	76,672,530
Weighted-average shares of Class B Common Stock outstanding	907,234	1,042,234





# CLEAR®

Shareholder Letter  
Q1 2023

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN CASH FLOWS**  
**(UNAUDITED)**  
**(dollars in thousands)**

	<b>Three Months Ended</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (8,273)	\$ (18,794)
Adjustments to reconcile net loss to net cash provided from operating activities:		
Depreciation on property and equipment	4,345	3,489
Amortization on intangible assets	822	895
Noncash lease expense	1,748	721
Impairment of assets	3,633	313
Equity-based compensation	16,649	13,129
Deferred income tax	84	206
Amortization of revolver loan costs	110	198
Premium amortization and (discount accretion), net on marketable securities	(4,074)	287
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable	207	(2,194)
Prepaid expenses and other assets	(2,255)	6,472
Prepaid revenue share fee	(189)	(1,300)
Accounts payable	2,548	(2,137)
Accrued and other long term liabilities	29,702	7,261
Deferred revenue	14,371	17,232
Operating lease liabilities	1,329	(846)
<b>Net cash provided by operating activities</b>	<b>60,757</b>	<b>24,932</b>
<b>Cash flows from investing activities:</b>		
Purchases of marketable securities	(258,230)	(149,066)
Sales of marketable securities	223,049	149,066
Purchase of strategic investment	(6,000)	—
Purchases of property and equipment	(9,410)	(5,533)
Purchase of intangible assets	(14)	(100)
<b>Net cash used in investing activities</b>	<b>(50,605)</b>	<b>(5,633)</b>
<b>Cash flows from financing activities:</b>		
Repurchase of Class A Common Stock	(6,471)	—
Payment of special dividend	(34)	—
Tax distribution to members	(187)	—
Payment of taxes on net settled stock-based awards	(2,408)	—
<b>Net cash used in financing activities</b>	<b>(9,100)</b>	<b>—</b>
Net increase in cash, cash equivalents, and restricted cash	1,052	19,299
Cash, cash equivalents, and restricted cash, beginning of period	68,884	309,126
Exchange rate effect on cash and cash equivalents, and restricted cash	35	(50)
<b>Cash, cash equivalents, and restricted cash, end of period</b>	<b>\$ 69,971</b>	<b>\$ 328,375</b>
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Cash and cash equivalents	\$ 39,089	\$ 299,134
Restricted cash	30,882	29,241
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 69,971</b>	<b>\$ 328,375</b>



## Definitions of Key Performance Indicators

To evaluate performance of the business, we utilize a variety of other non-GAAP financial reporting and performance measures. These key measures include Total Bookings, Total Cumulative Enrollments, Total Cumulative Platform Uses, and Annual CLEAR Plus Net Member Retention.

### ***Total Bookings***

Total Bookings represent our total revenue plus the change in deferred revenue during the period. Total Bookings in any particular period reflect sales to new and renewing CLEAR Plus subscribers plus any accrued billings to partners. Management believes that Total Bookings is an important measure of the current health and growth of the business and views it as a leading indicator.

### ***Total Cumulative Enrollments***

We define Total Cumulative Enrollments as the number of enrollments since inception as of the end of the period. An Enrollment is defined as any member who has registered for the CLEAR platform since inception and has a profile (including limited time free trials regardless of conversion to paid membership) net of duplicate and/or purged accounts. This includes CLEAR Plus members who have completed enrollment with CLEAR and have ever activated a payment method, plus associated family accounts. Management views this metric as an important tool to analyze the efficacy of our growth and marketing initiatives as new members are potentially a current and leading indicator of revenues.

### ***Total Cumulative Platform Uses***

We define Total Cumulative Platform Uses as the number of individual engagements across CLEAR use cases, including Clear Plus, flagship app and *Powered by CLEAR*, since inception as of the end of the period. Management views this metric as an important tool to analyze the level of engagement of our member base which can be a leading indicator of future growth, retention, and revenue.

### ***Annual CLEAR Plus Net Member Retention***

We define Annual CLEAR Plus Net Member Retention as one minus the CLEAR Plus net member churn on a rolling 12-month basis. We define "CLEAR Plus net member churn" as total cancellations net of winbacks in the trailing 12-month period divided by the average active CLEAR Plus members as of the beginning of each month within the same 12-month period. Winbacks are defined as reactivated members who have been canceled for at least 60 days. Active CLEAR Plus members are defined as members who have completed enrollment with CLEAR and have activated a payment method for our in-airport CLEAR Plus service, including their registered family plan members. Active CLEAR Plus members also include those in a grace period of up to 45 days after a billing failure during which time we attempt to collect updated payment information. Management views this metric as an important tool to analyze the level of engagement of our member base, which can be a leading indicator of future growth and revenue, as well as an indicator of customer satisfaction and long term business economics.



## Non-GAAP Financial Measures

In addition to our results as determined in accordance with GAAP, we disclose Adjusted EBITDA, Free Cash Flow, Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Common Share, Basic and Diluted as non-GAAP financial measures that management believes provide useful information to investors. These measures are not financial measures calculated in accordance with GAAP and should not be considered as a substitute for net income (loss), net cash provided by (used in) operating activities or any other operating performance measure calculated in accordance with GAAP, and may not be comparable to a similarly titled measure reported by other companies. Our non-GAAP financial measures are expressed in thousands.

### ***Adjusted EBITDA (Loss)***

We define Adjusted EBITDA (Loss) as net income (loss) adjusted for income taxes, interest (income) expense net, depreciation and amortization, impairment and losses on asset disposals, equity-based compensation expense, mark to market of warrant liabilities, net other income (expense) excluding sublease rental income, acquisition-related costs and changes in fair value of contingent consideration. Adjusted EBITDA is an important financial measure used by management and our board of directors ("Board") to evaluate business performance. During the third quarter of fiscal year 2022, we revised our definition of Adjusted EBITDA (Loss) to exclude sublease rental income from our other income (expense) adjustment. During the fourth quarter of fiscal year 2022, we revised our definition of Adjusted EBITDA (Loss) to include impairment on assets as a separate component. We did not revise prior years' Adjusted EBITDA (Loss) because there was no impact of a similar nature in the prior period that affects comparability.

### ***Adjusted Net Income (Loss)***

We define Adjusted Net Income (Loss) as Net income (loss) attributable to Clear Secure, Inc. adjusted for the net income (loss) attributable to non-controlling interests, equity-based compensation expense, amortization of acquired intangible assets, acquisition-related costs, changes in fair value of contingent consideration and the income tax effect of these adjustments. Adjusted Net Income (Loss) is used in the calculation of Adjusted Net Income (Loss) per Common Share as defined below.

### ***Adjusted Net Income (Loss) per Common Share***

We compute Adjusted Net Income (Loss) per Common Share, Basic as Adjusted Net Income (Loss) divided by Adjusted Weighted-Average Shares Outstanding for our Class A Common Stock, Class B Common Stock, Class C Common Stock and Class D Common Stock assuming the exchange of all vested and outstanding common units in Alclear at the end of each period presented. We do not present Adjusted Net Income (Loss) per Common Share for shares of our Class B Common Stock although they are participating securities based on the assumed conversion of those shares to our Class A Common Stock. We do not present Adjusted Net Income (Loss) per Common Share on a dilutive basis for periods where we have Adjusted Net Loss since we do not assume the conversion of any potentially dilutive equity instruments as the result would be anti-dilutive. In periods where we have Adjusted Net Income, the Company also calculates Adjusted Net Income per Common Share, Diluted based on the effect of potentially dilutive equity instruments for the periods presented using the treasury stock/if-converted method, as applicable.





## Non-GAAP Financial Measures (Cont.)

### ***Adjusted Net Income (Loss) per Common Share (Cont.)***

Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Common Share exclude, to the extent applicable, the tax effected impact of non-cash expenses and other items that are not directly related to our core operations. These items are excluded because they are connected to the Company's long term growth plan and not intended to increase short term revenue in a specific period. Further, to the extent that other companies use similar methods in calculating non-GAAP measures, the provision of supplemental non-GAAP information can allow for a comparison of the Company's relative performance against other companies that also report non-GAAP operating results.

### ***Free Cash Flow***

We define Free Cash Flow as net cash provided by (used in) operating activities adjusted for purchases of property and equipment plus the value of share repurchases over fair value. With regards to our CLEAR Plus subscription service, we generally collect cash from our members upfront for annual subscriptions. As a result, when the business is growing Free Cash Flow can be a real time indicator of the current trajectory of the business.

*See below for reconciliations of these non-GAAP financial measures to their most comparable GAAP measures.*

## Forward-Looking Statements

This release may contain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that any and such forward looking statement are not guarantees of future performance or results and involve risks and uncertainties, and that actual results, developments and events may differ materially from those in the forward-looking statements as a result of various factors, including those described in the Company's filings with the Securities and Exchange Commission, including the sections titled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022. The Company disclaims any obligation to update any forward-looking statements contained herein.







# CLEAR®

Shareholder Letter  
Q1 2023

## Reconciliation of Net Loss to Adjusted EBITDA (Loss):

(In thousands)	Three Months Ended	
	March 31, 2023	March 31, 2022
Net loss	\$ (8,273)	\$ (18,794)
Income tax (benefit) expense	(119)	302
Interest expense (income), net	(6,392)	(7)
Other expense (income), net	(38)	268
Depreciation and amortization	5,167	4,384
Impairment on assets	3,633	—
Equity-based compensation expense	16,649	13,129
<b>Adjusted EBITDA (Loss)</b>	<b>\$ 10,627</b>	<b>\$ (718)</b>

## Reconciliation of Net Loss to Adjusted Net Income (Loss)

(In thousands)	Three Months Ended	
	March 31, 2023	March 31, 2022
Net loss attributable to Clear Secure, Inc.	\$ (5,224)	\$ (10,327)
Reallocation of net loss attributable to non-controlling interests	(3,049)	(8,467)
<b>Net loss</b>	<b>(8,273)</b>	<b>(18,794)</b>
Equity-based compensation expense	16,649	13,129
Amortization of acquired intangibles	790	869
Income tax effect	(350)	(203)
<b>Adjusted Net Income (Loss)</b>	<b>\$ 8,816</b>	<b>\$ (4,999)</b>





# CLEAR®

Shareholder Letter  
Q1 2023

## Calculation of Adjusted Weighted-Average Shares Outstanding Basic and Diluted

	Three Months Ended	
	March 31, 2023	March 31, 2022
Weighted-average number of shares outstanding, basic for Class A Common Stock	89,614,791	76,672,530
<i>Adjustments</i>		
Assumed weighted-average conversion of issued and outstanding Class B Common Stock	907,234	1,042,234
Assumed weighted-average conversion of issued and outstanding Class C Common Stock	36,867,471	44,000,927
Assumed weighted-average conversion of issued and outstanding Class D Common Stock	25,796,690	26,705,415
Assumed weighted-average conversion of vested and outstanding warrants	—	162,957
<b>Adjusted Weighted-Average Number of Shares Outstanding, Basic</b>	<b>153,186,186</b>	<b>148,584,063</b>
Weighted-average impact of unvested RSAs	110,641	—
Weighted-average impact of unvested RSUs	896,720	—
<i>Total incremental shares</i>	1,007,361	—
<b>Adjusted Weighted-Average Number of Shares Outstanding, Diluted</b>	<b>154,193,547</b>	<b>148,584,063</b>

As stated above, due to the Company incurring an adjusted net loss for certain periods presented, the Company has not calculated Adjusted Weighted-Average Number of Shares Outstanding, Diluted for those periods as the result would be antidilutive. Therefore for those periods, Adjusted Net Income (Loss) per Common Share, Basic and Dilutive will be the same.

## Calculation of Adjusted Basic Net Income (Loss) Per Common Share, Basic

	Three Months Ended	
	March 31, 2023	March 31, 2022
Adjusted Net Income (Loss) in thousands	\$ 8,816	\$ (4,999)
Adjusted Weighted-Average Number of Shares Outstanding, Basic	153,186,186	148,584,063
<b>Adjusted Net Income (Loss) per Common Share, Basic</b>	<b>\$ 0.06</b>	<b>\$ (0.03)</b>



# CLEAR®

Shareholder Letter  
Q1 2023

## *Calculation of Adjusted Net Income (Loss) per Common Share, Diluted:*

	Three Months Ended	
	March 31, 2023	
Adjusted Net Income in thousands	\$	8,816
Adjusted Weighted-Average Number of Shares Outstanding, Diluted		154,193,547
<b>Adjusted Net Income per Common Share, Diluted:</b>	<b>\$</b>	<b>0.06</b>

## *Summary of Adjusted Net Income (Loss) per Common Share:*

	Three Months Ended			
	March 31, 2023		March 31, 2022	
Adjusted Net Income (Loss) per Common Share, Basic	\$	0.06	\$	(0.03)
Adjusted Net Income (Loss) per Common Share, Diluted	\$	0.06	\$	(0.03)

## *Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow:*

	Three Months Ended			
(In thousands)	March 31, 2023		March 31, 2022	
Net cash provided by operating activities	\$	60,757	\$	24,932
Purchases of property and equipment		(9,410)		(5,533)
<b>Free Cash Flow</b>	<b>\$</b>	<b>51,347</b>	<b>\$</b>	<b>19,399</b>





# CLEAR®

Shareholder Letter  
Q1 2023

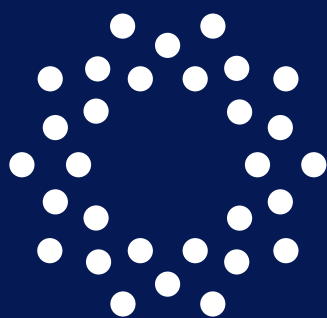
*Summary of the components of the Company's total equity-based compensation expense:*

Three Months Ended March 31, 2023 (in thousands)					
	Pre-IPO employee performance awards	Warrants	Founder PSU	Employee equity-based awards	Total
Cost of direct salaries and benefits	\$ 23	\$ —	\$ —	\$ 50	\$ 73
Research and development	222	—	—	4,730	4,952
Sales and marketing	(145)	—	—	44	(101)
General and administrative	762	623	6,485	3,855	11,725
<b>Total equity-based compensation</b>	<b>\$ 862</b>	<b>\$ 623</b>	<b>\$ 6,485</b>	<b>\$ 8,679</b>	<b>\$ 16,649</b>

Three Months Ended March 31, 2022 (in thousands)					
	Pre-IPO employee performance awards	Warrants	Founder PSU	Employee equity-based awards	Total
Cost of direct salaries and benefits	\$ —	\$ —	\$ —	\$ 94	\$ 94
Research and development	—	—	—	3,741	3,741
Sales and marketing	—	—	—	48	48
General and administrative	—	70	6,485	2,691	9,246
<b>Total equity-based compensation</b>	<b>\$ —</b>	<b>\$ 70</b>	<b>\$ 6,485</b>	<b>\$ 6,574</b>	<b>\$ 13,129</b>





**CLEAR<sup>®</sup>**