



CLEAR[®]

Shareholder Letter

Q1 2024



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Shareholder Letter
Q1 2024

First Quarter 2024 Financial Highlights

(all figures are for First Quarter 2024 and percentage change is expressed as year-over-year, unless otherwise specified)*

- › Revenue of \$179.0 million was up 35.3% while Total Bookings of \$180.6 million were up 20.6%
- › Operating income of \$23.7 million; Adjusted EBITDA of \$40.9 million
- › Net Income of \$32.1 million, Earnings per Common Share Basic and Diluted of \$0.20
- › Net cash provided by operating activities of \$80.3 million; Free Cash Flow of \$77.6 million
- › Q124 results include: (1) \$3.1 million of NextGen Identity+ related expenses, (2) \$0.9 million of cash severance expenses and (3) \$1.8 million of COVID-19 relief benefits
- › Share repurchase activity: 4,416,759 shares at an average price of \$19.22 in Q124
- › Active in 57 CLEAR Plus airports with the launch of Kahului Airport (Maui) in April
- › Renewed American Express partnership for an additional year
- › TSA PreCheck® Enrollment Provided by CLEAR: online renewal available nationwide and live in 6 airports

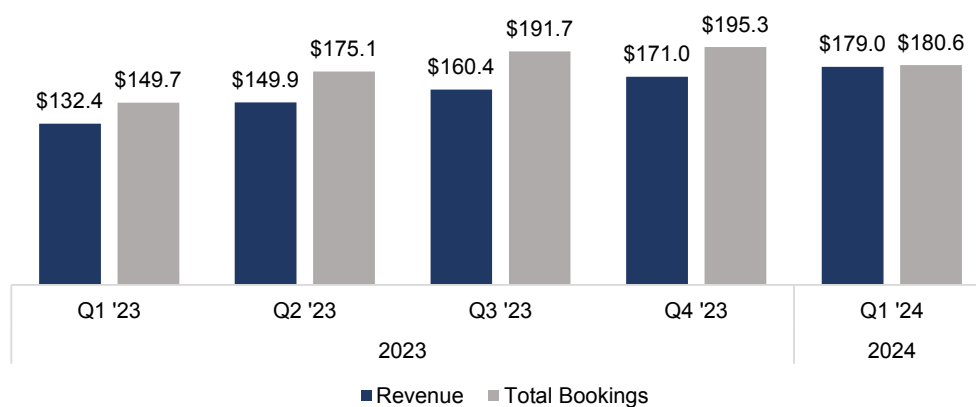
“In the first quarter we executed on our three key priorities—improving the Member experience, scaling TSA PreCheck®, and scaling CLEAR Verified. Our financial results demonstrate our continued focus on profitable growth—with significant incremental margins and strong Free Cash Flow enabling aggressive capital return,” 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.



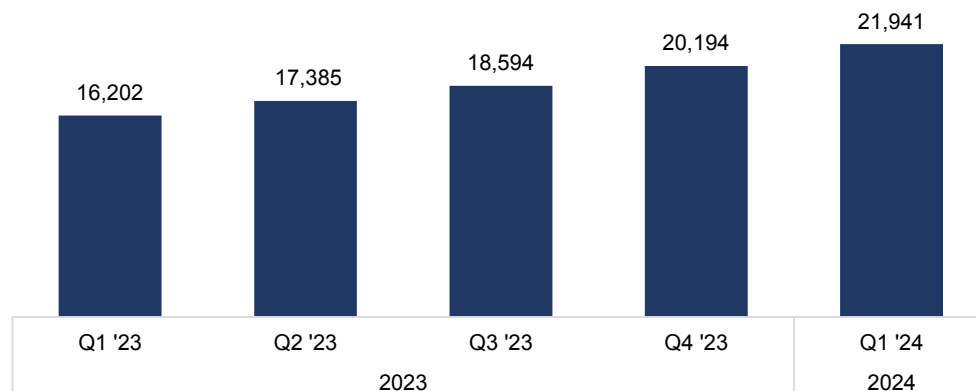


Total GAAP Revenue & Bookings



in millions

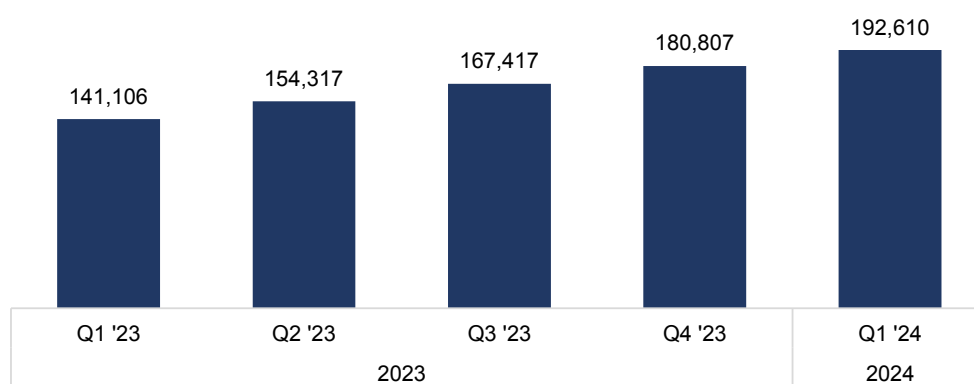
Total Cumulative Enrollments



in thousands

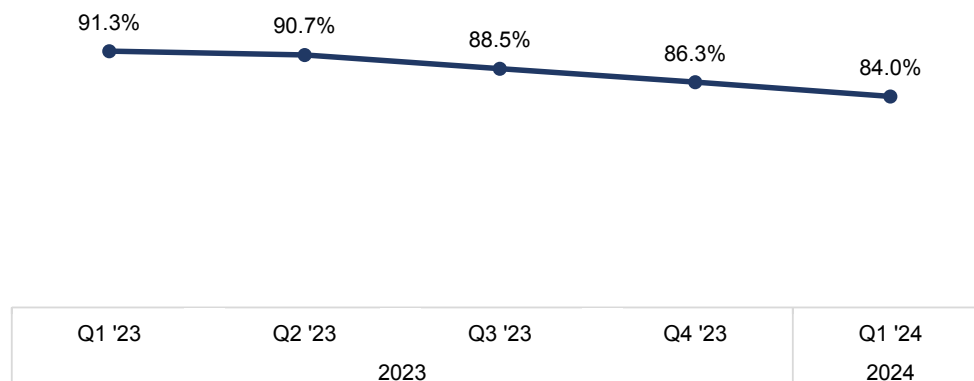


Total Cumulative Platform Uses



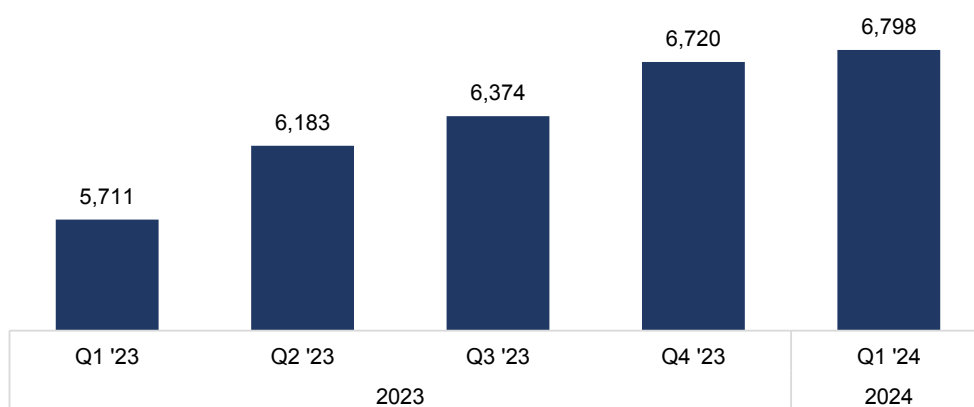
in thousands

Annual CLEAR Plus Net Member Retention



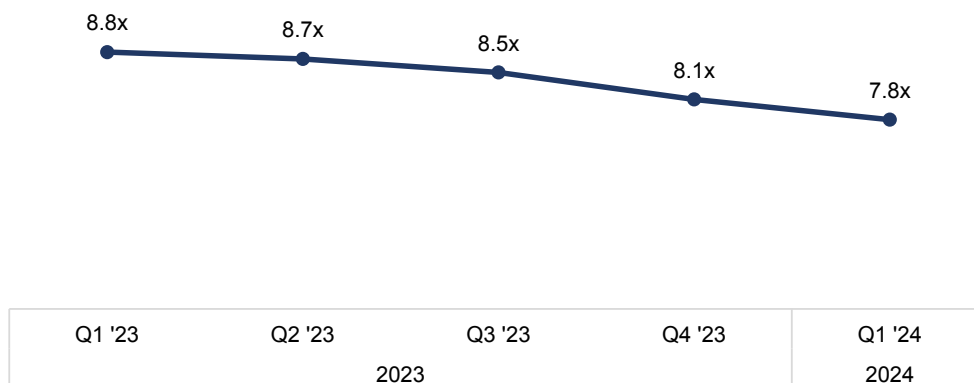


Active CLEAR Plus Members



in thousands

Annual CLEAR Plus Member Usage

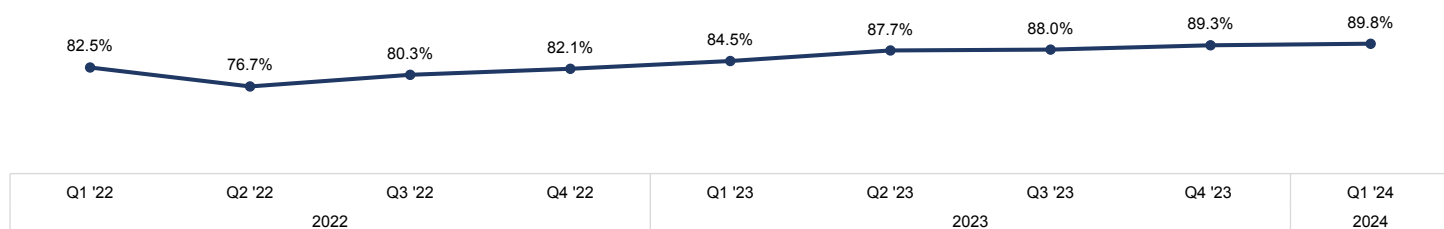




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Annual CLEAR Plus Gross Dollar Retention





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Dear Shareholder,

This quarter we continued our focus on improving the Member experience, launching new products to serve all travelers and building momentum in CLEAR Verified, our enterprise identity platform.

The CLEAR Lane of the Future is rolling out nationwide. With over 90% of traffic upgraded to NextGen Identity+, IDs are staying in pockets and verifications are faster. Lane experience scores have been climbing since February as NextGen upgrades peaked and we introduced new automation. Face-first verifications are launching next, so Members won't have to break stride. We expect further gains in experience and reduction in average wait times.

We are live with TSA PreCheck® Enrollment Provided by CLEAR for both renewals and new enrollments (<https://tsaprecheckbyclear.tsa.dhs.gov>). We plan to roll out enrollment locations nationwide this year, subject to TSA approval. Convenience is crucial for TSA PreCheck®—you have to meet travelers where they are. With CLEAR you can renew or enroll at a lower cost from 5AM to 9PM* daily with no appointment necessary. There are approximately 90 million people in the United States that fly two or more times a year without TSA PreCheck®; we believe these travelers should enroll in TSA PreCheck® and enjoy the benefits. With the breadth of our airport network, our recently announced Staples partnership and mobile pop-ups—CLEAR is bringing TSA PreCheck® to more people, in more places, at a lower cost.

Aligned with our philosophy of meeting travelers where they are and bringing friction-free travel across the country—we launched a CLEAR Mobile pilot in Louisville, KY—just in time for the Kentucky Derby and the PGA Tour. CLEAR Mobile Lanes are capital-light and expand our airport network to smaller, seasonal, or event-driven markets. CLEAR Mobile allows travelers to access this fast lane on a pay-per-use basis using a QR code (no biometrics necessary). CLEAR Plus Members have on-demand access to these Mobile Lanes included in their Membership. Importantly, we can also include TSA PreCheck® enrollment services for these smaller and often underserved markets.

CLEAR Verified continued to build momentum in the quarter, as trust and safety are paramount. Verified enrollments were a key driver of the 1.75 million increase in Total Cumulative Enrollments. We expanded our partnership with LinkedIn, signed new partners across multiple verticals, and continued to build our sales pipeline. Our CLEAR Verified Account Recovery product has never been more important as entire enterprises have been taken offline for extended periods due to falsified credentials and unauthorized access. CLEAR Check-in is going live with our first partner introducing seamless physical check-in to your doctor appointment. We also launched identity verification ensuring you are who you say you are for in-store retail fraud reduction. Importantly, CLEAR's identity products leverage our existing platform and bring instant-on access to over 22 million Members as of today.

Since Day 1, we have been focused on total Members, Bookings, and Free Cash Flow. Our platform and network continue to expand and while we are seeing higher customer demand for our services we need to ensure pricing is in line with the value we are delivering. There is a significant average revenue per user ("ARPU") gap across our Member base due to historical free or deeply discounted partner pricing—recent price increases across various channels have begun to close that gap with

* Hours vary by location; indicative hours of operation presented.





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modest impact on Member retention. Consistent with our focus on growing ARPU and our approach to value creation, this quarter we introduced a dollar based retention metric. Specifically, Annual CLEAR Plus Gross Dollar Retention measures our success growing ARPU, upselling family memberships and introducing value-added services while optimizing lane experience.

Year-to-date we repurchased approximately 4% of our shares, leveraging higher Free Cash Flow over fewer shares outstanding. We are confident in our ability to drive Bookings, expand margins and grow Free Cash Flow.

Best,





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First Quarter 2024 Financial Discussion

First quarter 2024 **Revenue** of \$179.0 million grew 35.3% as compared to the first quarter of 2023 while **Total Bookings** of \$180.6 million grew 20.6%. Revenue and Total Bookings benefited from Member growth and price increases.

First quarter 2024 **Total Cumulative Enrollments** reached 21.9 million, up 1.7 million sequentially driven by growth in CLEAR Verified enrollments, and CLEAR Plus enrollments at existing and new airports.

First quarter 2024 **Active CLEAR Plus Members** reached 6.8 million, up 19.0% as compared to the first quarter of 2023 driven by airport, partner and organic channels in existing and new markets.

First quarter 2024 **Total Cumulative Platform Uses** reached 192.6 million, driven primarily by CLEAR Plus verifications.

First quarter 2024 **Annualized CLEAR Plus Member Usage** was 7.8x, down 11% as compared to the first quarter of 2023.

We are including a new dollar retention metric, consistent with our focus on growing ARPU and representing how we are optimizing the overall CLEAR Plus business. First quarter 2024 **Annual CLEAR Plus Gross Dollar Retention** was 89.8%, up 530 basis points year-over-year and 50 basis points sequentially, driven by a reduction in the discounts available to the airline channel and family membership price increases. The metric is gross and therefore does not include the benefit of reactivations, which would add an additional 570 basis points. First quarter 2024 **Annual CLEAR Plus Net Member Retention** was 84.0%, down 730 basis points year-over-year and down 230 basis points sequentially.

Cost of revenue share fee was \$24.4 million in the first quarter of 2024 and includes a COVID-19 related benefit of \$1.8 million. Excluding COVID-related benefits in all periods, cost of revenue share fee as a percentage of revenue was down 65 basis points year-over-year and down 25 basis points sequentially. Cost of revenue share fee 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 was \$40.3 million in the first quarter of 2024 and includes approximately \$2.0 million of surge staffing related to NextGen Identity+ upgrades. Excluding the surge staffing as well as previously disclosed prior-period surge staffing and prior-period non-cash items, cost of direct salaries and benefits expense of \$38.3 million was up 15.6% year-over-year, and down 0.5% sequentially; as a percentage of revenue it was down 364 basis points year-over-year and down 112 basis points sequentially. We continue to expect cost of direct salaries and benefits in 2024 to decline as a percentage of revenues on a full year basis versus 2023.

Research and development expense of \$20.1 million in the first quarter of 2024 includes \$0.9 million of severance expense. Excluding severance as well as previously disclosed prior-period non-cash





First Quarter 2024 Financial Discussion (Cont.)

items, research and development expense of \$19.2 million was down 6.8% year-over-year and down 7.2% sequentially; as a percentage of revenue it was down 483 basis points year-over-year and down 138 basis points sequentially. We continue to expect research and development expense in 2024 to decline as a percentage of revenues on a full year basis versus 2023.

Sales and marketing expense was \$11.6 million in the first quarter of 2024. Excluding previously disclosed prior-period non-cash items, sales and marketing expense increased 20.4% year-over-year and decreased 14.1% sequentially; as a percentage of revenue it was down 80 basis points year-over-year and down 142 basis points sequentially. While we continue to expect sales and marketing expense in 2024 to decline as a percentage of revenues on a full year basis versus 2023, we will invest in marketing on an opportunistic basis.

General and administrative expense of \$52.9 million in the first quarter of 2024 includes \$1.1 million of NextGen Identity+ expenses. Excluding NextGen Identity+ expenses as well as previously disclosed prior-period NextGen Identity+ expenses and prior-period non-cash items, general and administrative expense of \$51.8 million declined 4.4% year-over-year and 4.0% sequentially; as a percentage of revenue general and administrative expense was down 1,201 basis points year-over-year and 263 basis points sequentially. We continue to expect general and administrative expense in 2024 to decline as a percentage of revenues on a full year basis versus 2023.

Stock compensation expense was \$10.7 million in the first quarter of 2024. Excluding previously disclosed prior-period non-cash items, stock compensation expense of \$10.7 million was down 29.7% year-over-year and 9.7% sequentially.

Operating Income of \$23.7 million in the first quarter of 2024 includes a \$1.8 million COVID-related benefit to cost of revenue share fees, \$0.9 million of severance expense and \$3.1 million of NextGen Identity+ expenses. Excluding the COVID-related benefit and severance and NextGen Identity+ expenses, as well as previously disclosed prior-period NextGen Identity+ and prior-period non-cash items, Operating Income was \$25.9 million; as a percentage of revenue it was up 2,244 basis points year-over-year and 704 basis points sequentially.

Net Income in the first quarter 2024 was \$32.1 million, **Earnings per Common Share, Basic and Diluted** was \$0.20.

First quarter 2024 **net cash provided by operating activities** was \$80.3 million, **Free Cash Flow** was \$77.6 million and **Adjusted EBITDA** was \$40.9 million.

As of March 31, 2024, our **cash and cash equivalents, marketable securities and restricted cash**, totaled \$702 million.

As of May 3, 2024, the following shares of common stock were outstanding: Class A Common Stock 93,022,861, Class B Common Stock 907,234, Class C Common Stock 25,103,193, and Class D Common Stock 25,796,690 **totaling 144,829,978 shares of common stock**.



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First Quarter 2024 Financial Discussion (Cont.)

During the three-months ended March 31, 2024, we used \$84.9 million to repurchase and retire 4.4 million shares of Class A Common Stock at an average price of \$19.22. Subsequent to quarter-end, we repurchased an additional 1.75 million shares at an average price of \$19.38.

Second Quarter and Full Year 2024 Guidance

We expect second quarter 2024 revenue of \$182.5-\$184.5 million and Total Bookings of \$192-\$198 million.

For the full year of 2024, we expect to deliver strong revenue and Total Bookings growth, expanding margins and Free Cash Flow growth of at least 30% versus 2023.





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

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 64,134	\$ 57,900
Marketable securities	634,327	665,197
Accounts receivable	621	526
Prepaid revenue share fee	23,963	24,402
Prepaid expenses and other current assets	20,590	22,009
Total current assets	743,635	770,034
Property and equipment, net	60,127	62,611
Right of use asset, net	114,270	115,874
Intangible assets, net	20,083	20,825
Goodwill	62,757	62,757
Restricted cash	3,590	4,501
Other assets	12,579	8,407
Total assets	\$ 1,017,041	\$ 1,045,009
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 7,066	\$ 11,781
Accrued liabilities	239,951	164,015
Deferred revenue	377,760	376,253
Total current liabilities	624,777	552,049
Other long term liabilities	122,989	123,736
Total liabilities	747,766	675,785
Commitments and contingencies		
Class A Common Stock, \$0.00001 par value - 1,000,000,000 shares authorized; 89,179,152 shares issued and outstanding as of March 31, 2024 and 91,786,941 shares issued outstanding as of December 31, 2023	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, 2024 and December 31, 2023	—	—
Class C Common Stock, \$0.00001 par value - 200,000,000 shares authorized; 30,609,111 shares issued and outstanding as of March 31, 2024 and 32,234,914 shares issued and outstanding as of December 31, 2023	—	—
Class D Common Stock, \$0.00001 par value - 100,000,000 shares authorized; 25,796,690 shares issued and outstanding as of March 31, 2024 and December 31, 2023	—	—
Accumulated other comprehensive loss	215	2,050
Treasury stock at cost, 0 shares as of March 31, 2024 and December 31, 2023	—	—
Accumulated deficit	(54,908)	(73,714)
Additional paid-in capital	220,558	304,992
Total stockholders' equity attributable to Clear Secure, Inc.	165,866	233,329
Non-controlling interest	103,409	135,895
Total stockholders' equity	269,275	369,224
Total liabilities and stockholders' equity	\$ 1,017,041	\$ 1,045,009



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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(dollars in thousands, except share and per share data)

	Three months ended March 31,	
	2024	2023
Revenue	\$ 179,049	\$ 132,356
Operating expenses:		
Cost of revenue share fee	24,364	\$ 19,570
Cost of direct salaries and benefits	40,288	\$ 33,146
Research and development	20,104	\$ 21,944
Sales and marketing	11,622	\$ 9,509
General and administrative	52,890	\$ 58,078
Depreciation and amortization	6,092	\$ 5,167
Operating income (loss)	23,689	(15,058)
Other income (expense):		
Interest income, net	9,925	\$ 6,392
Other income, net	439	\$ 274
Income (loss) before tax	34,053	(8,392)
Income tax (expense) benefit	(1,965)	\$ 119
Net income (loss)	32,088	(8,273)
Less: net income (loss) attributable to non-controlling interests	13,282	(3,049)
Net income (loss) attributable to Clear Secure, Inc.	\$ 18,806	\$ (5,224)
Net income (loss) per share of Class A Common Stock and Class B Common Stock		
Net income (loss) per common share basic, Class A	\$ 0.20	\$ (0.06)
Net income (loss) per common share basic, Class B	\$ 0.20	\$ (0.06)
Net income (loss) per common share diluted, Class A	\$ 0.20	\$ (0.06)
Net income (loss) per common share diluted, Class B	\$ 0.20	\$ (0.06)
Weighted-average shares of Class A Common Stock outstanding, basic	91,831,639	89,614,791
Weighted-average shares of Class B Common Stock outstanding, basic	907,234	907,234
Weighted-average shares of Class A Common Stock outstanding, diluted	92,506,108	89,614,791
Weighted-average shares of Class B Common Stock outstanding, diluted	907,234	907,234





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

	Three months ended March 31,	
	2024	2023
Cash flows provided by (used in) operating activities:		
Net income (loss)	\$ 32,088	\$ (8,273)
Adjustments to reconcile net loss to net cash provided from operating activities:		
Depreciation of property and equipment	5,168	4,345
Amortization of intangible assets	924	822
Noncash lease expense	1,582	1,748
Impairment of assets	—	3,633
Equity-based compensation	10,665	16,649
Deferred income tax	715	84
Amortization of revolver loan costs	87	110
Premium amortization and (discount accretion), net on marketable securities	(2,333)	(4,074)
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable	(95)	207
Prepaid expenses and other assets	(2,261)	(2,255)
Prepaid revenue share fee	439	(189)
Accounts payable	(4,189)	2,548
Accrued and other long term liabilities	37,418	29,702
Deferred revenue	1,507	14,371
Operating lease liabilities	(1,366)	1,329
Net cash provided by operating activities	\$ 80,349	\$ 60,757
Cash flows provided by (used in) investing activities:		
Purchases of marketable securities	(214,818)	(258,230)
Sales of marketable securities	245,036	223,049
Purchase of strategic investment	(1,000)	(6,000)
Purchases of property and equipment	(2,776)	(9,410)
Purchases of intangible assets	(215)	(14)
Net cash provided by (used in) investing activities	\$ 26,227	\$ (50,605)
Cash flows used in financing activities:		
Repurchase of Class A Common Stock	(84,891)	(6,471)
Payment of dividend	(8,480)	—
Payment of special dividend	—	(34)
Distributions to members	(5,077)	—
Tax distribution to members	(562)	(187)
Payment of taxes on net settled stock-based awards	(2,110)	(2,408)
Other financing activities	(154)	—
Net cash used in financing activities	\$ (101,274)	\$ (9,100)
Net increase in cash, cash equivalents, and restricted cash	5,302	1,052
Cash, cash equivalents, and restricted cash, beginning of period	62,401	68,884
Exchange rate effect on cash and cash equivalents, and restricted cash	21	35
Cash, cash equivalents, and restricted cash, end of period	\$ 67,724	\$ 69,971

	Three months ended March 31,	
	2024	2023
Cash and cash equivalents	\$ 64,134	\$ 39,089
Restricted cash	3,590	30,882
Total cash, cash equivalents, and restricted cash	\$ 67,724	\$ 69,971





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, Annual CLEAR Plus Net Member Retention, Annual CLEAR Plus Gross Dollar Retention, Active CLEAR Plus Members, and Annual CLEAR Plus Member Usage.

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, our flagship app and CLEAR Verified, 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 cancelled 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.

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Definitions of Key Performance Indicators (Cont.)

Annual CLEAR Plus Gross Dollar Retention

We define Annual CLEAR Plus Gross Dollar Retention as the net bookings collected from a Fixed Cohort of Members during the Current Period as a percentage of the net bookings collected from the same Fixed Cohort during the Prior Period. The Current Period is the 12-month period ending on the reporting date, the Prior Period is the 12-month period ending on the reporting date one year earlier. The Fixed Cohort is defined as all Active CLEAR Plus Members as of the last day of the Prior Period who 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 51 days after a billing failure during which time we attempt to collect updated payment information. Bookings received from a third party as part of a partnership agreement are excluded from both periods; all Members, including those on a free or discounted plan, or who receive a full statement credit, only impact Annual CLEAR Plus Gross Dollar Retention to the extent that they are paying anything out-of-pocket on behalf of themselves or a registered family plan Member.

Active CLEAR Plus Members

We define Active CLEAR Plus Members as the number of Members with an active CLEAR Plus subscription as of the end of the period. This includes CLEAR Plus Members who have an activated payment method, plus associated family accounts and is inclusive of Members who are in a limited time free trial; it excludes duplicate and/or purged accounts. Management views this as an important tool to measure the growth of its CLEAR Plus product.

Annual CLEAR Plus Member Usage

We define Annual CLEAR Plus Member Usage as the total number of unique CLEAR Plus airport verifications in the 365 days prior to the end of the period divided by Active CLEAR Plus Members as of the end of the period who have been enrolled for at least 365 days. The numerator includes only verifications of the population in the denominator. Management views this as an important tool to analyze the level of engagement of our active CLEAR Plus Member base.

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 and Adjusted Net Income 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.





Non-GAAP Financial Measures (Cont.)

We periodically reassess the components of our Non-GAAP adjustments for changes in how we evaluate our performance and changes in how we make financial and operational decisions to ensure the adjustments remain relevant and meaningful.

Adjusted EBITDA and Adjusted EBITDA Margin

We define Adjusted EBITDA 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 to include impairment on assets as a separate component. We did not revise prior years' Adjusted EBITDA because there was no impact of a similar nature in the prior period that affects comparability. Adjusted EBITDA margin is adjusted EBITDA, divided by total revenues.

Adjusted Net Income

We define Adjusted Net Income 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 is used in the calculation of Adjusted Net Income per Common Share as defined below.

Adjusted Net Income per Common Share

We compute Adjusted Net Income per Common Share, Basic as Adjusted Net Income 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 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 per Common Share on a dilutive basis for periods where we have Adjusted Net Income 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.

Adjusted Net Income and Adjusted Net Income 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



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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 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, 2023. The Company disclaims any obligation to update any forward looking statements contained herein.





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Reconciliation of Net Income (Loss) to Adjusted EBITDA and Adjusted EBITDA Margin

(In thousands)	Three months ended March 31,	
	2024	2023
Net income (loss)	\$ 32,088	\$ (8,273)
Income tax (benefit) expense	1,965	(119)
Interest income, net	(9,925)	(6,392)
Other (income) expense, net	5	(38)
Depreciation and amortization	6,092	5,167
Impairment on assets	—	3,633
Equity-based compensation expense	10,665	16,649
Adjusted EBITDA	\$ 40,890	\$ 10,627
Revenue	\$ 179,049	\$ 132,356
Net income Margin	18 %	(6) %
Adjusted EBITDA Margin	23 %	8 %

Reconciliation of Net Income (Loss) to Adjusted Net Income

(In thousands)	Three months ended March 31,	
	2024	2023
Net income (loss) attributable to Clear Secure, Inc.	\$ 18,806	\$ (5,224)
Reallocation of net loss attributable to non-controlling interests	13,282	(3,049)
Net income (loss)	32,088	(8,273)
Equity-based compensation expense	10,665	16,649
Amortization of acquired intangibles	871	790
Income tax effect	(1,526)	(350)
Adjusted Net Income	\$ 42,098	\$ 8,816



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Calculation of Adjusted Weighted-Average Shares Outstanding Basic and Diluted

	Three months ended March 31,	
	2024	2023
Weighted-average number of shares outstanding, basic for Class A Common Stock	91,831,639	89,614,791
<i>Adjustments</i>		
Assumed weighted-average conversion of issued and outstanding Class B Common Stock	907,234	907,234
Assumed weighted-average conversion of issued and outstanding Class C Common Stock	31,010,244	36,867,471
Assumed weighted-average conversion of issued and outstanding Class D Common Stock	25,796,690	25,796,690
Adjusted Weighted-Average Number of Shares Outstanding, Basic	149,545,807	153,186,186
Weighted-average impact of unvested RSAs	—	110,641
Weighted-average impact of unvested RSUs	653,721	896,720
Weighted-average impact of unvested performance based RSUs	20,748	—
<i>Total incremental shares</i>	674,469	1,007,361
Adjusted Weighted-Average Number of Shares Outstanding, Diluted	150,220,276	154,193,547

Calculation of Adjusted Net Income per Common Share, Basic

	Three months ended March 31,	
	2024	2023
Adjusted Net Income in thousands	\$ 42,098	\$ 8,816
Adjusted Weighted-Average Number of Shares Outstanding, Basic	149,545,807	153,186,186
Adjusted Net Income per Common Share, Basic	\$ 0.28	\$ 0.06

Calculation of Adjusted Net Income per Common Share, Diluted

	Three months ended March 31,	
	2024	2023
Adjusted Net Income in thousands	\$ 42,098	\$ 8,816
Adjusted Weighted-Average Number of Shares Outstanding, Diluted	150,220,276	154,193,547
Adjusted Net Income per Common Share, Diluted:	\$ 0.28	\$ 0.06





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Summary of Adjusted Net Income per Common Share

	Three months ended March 31,	
	2024	2023
Adjusted Net Income per Common Share, Basic	\$ 0.28	\$ 0.06
Adjusted Net Income per Common Share, Diluted	\$ 0.28	\$ 0.06

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

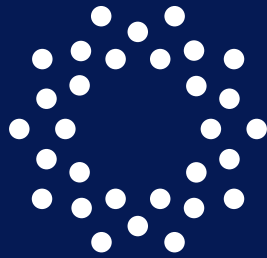
(In thousands)	Three months ended March 31,	
	2024	2023
Net cash provided by operating activities	\$ 80,349	\$ 60,757
Purchases of property and equipment	(2,776)	(9,410)
Free Cash Flow	\$ 77,573	\$ 51,347

Net Adjustments⁽¹⁾ and Founder PSU and Employee Equity-Based Awards⁽²⁾

(In thousands)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Net Adjustments⁽¹⁾					
Cost of Revenue Share Fee	\$ (612)	\$ (334)	\$ (1,095)	\$ (412)	\$ (1,771)
Cost of Direct Salaries and Benefits	23	34	57	1,656	2,000
Research and Development	1,365	647	(7,248)	(2,270)	921
Sales and Marketing	(145)	11	27	(28)	—
General and Administrative	3,874	(458)	(16)	(1,940)	1,067
Depreciation and Amortization	—	—	—	—	—
Subtotal	\$ 4,505	\$ (100)	\$ (8,275)	\$ (2,994)	\$ 2,217
Founder PSU and Employee Equity-Based Awards⁽²⁾					
Cost of Revenue Share Fee	\$ —	\$ —	\$ —	\$ —	\$ —
Cost of Direct Salaries and Benefits	50	109	172	184	126
Research and Development	4,730	4,872	3,665	4,189	3,553
Sales and Marketing	44	121	408	400	232
General and Administrative	10,340	9,026	7,558	7,042	6,754
Depreciation and Amortization	—	—	—	—	—
Subtotal	\$ 15,164	\$ 14,128	\$ 11,803	\$ 11,815	\$ 10,665

⁽¹⁾ Table represents adjustments called out in our release which an investor may want to consider when evaluating our financial performance and ongoing operating expenses. Items include pre-IPO warrant/employee performance award expenses/reversals, non-cash asset impairments, writeoffs, acquisition-related expenses, non-recurring COVID-related benefits to Revenue Share, severance and NextGen Identity+ expenses.

⁽²⁾ Founder PSU/Employee Equity-Based Awards excluding pre-IPO warrant/employee performance award expenses/reversals.



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