



CLEAR®

Prepared Remarks
Q1 2025

Operator

Good morning and welcome to CLEAR's fiscal first quarter 2025 conference call. We have with us today Caryn Seidman Becker, Co-Founder, Chair, and Chief Executive Officer, Michael Barkin, President, and Jen Hsu, Chief Financial Officer.

As a reminder before we begin, today's discussion contains forward-looking statements about the Company's future business and financial performance. These are based on management's current expectations and are subject to risks and uncertainties. Factors that could cause actual results to differ materially from these statements are included in the documents the Company has filed and furnished with the SEC including today's shareholder letter. The company disclaims any obligation to update any forward-looking statements that may be discussed during this call.

During this call, unless otherwise stated, all comparisons will be against the comparable period of fiscal year 2024. Additionally, the Company will discuss both GAAP and non-GAAP financial measures. A reconciliation of GAAP to non-GAAP financial measures is provided in today's shareholder letter and the most recently filed quarterly report on Form 10-Q. These items can be found on the Investor Relations section of CLEAR's website.

With that, I'll turn the call over to Caryn.

Caryn Seidman Becker *Co-Founder, Chair, and CEO*

Good morning, and thank you for joining our first quarter 2025 earnings call. I want to welcome our new President Michael Barkin and our new CFO Jen Hsu to their first CLEAR earnings call—I am absolutely thrilled to have them as partners and an integral part of CLEAR's leadership team.

CLEAR is building the leading secure identity platform—making it safer and easier for people to move through the world. In the first quarter, we saw momentum across our travel footprint, continued scaling of our TSA PreCheck® enrollment program, and exciting traction with CLEAR1. We have introduced important new products to improve the Member experience, enrollment process, and our technology platform. With the REAL ID deadline here, and our ePassport product fully rolled out, CLEAR is helping to ensure Americans across the country are REAL ID ready.

Growing our Travel Network

CLEAR's travel business saw continued strong growth in the first quarter—a reflection of our opportunity to continue to grow the top and bottom line through focus on the Member experience, network, and product expansion. CLEAR is active in 59 CLEAR+ airports and 4 domestic CLEAR Mobile airports, with 167 Lanes reaching 74% of US airline passengers.

In the first quarter of 2025, U.S. air travel demand continued upward. TSA checkpoint volumes grew almost 1%, normalizing for Leap Day. For CLEAR, we care about the absolute volume of travelers at our airports and their demand for frictionless, predictable experiences, akin to their experiences elsewhere in the consumer economy.





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A recent survey conducted by The U.S. Travel Association highlighted the primary challenges faced by American air travellers. The biggest pain point for 64% of respondents was long lines at airport security, with over half of travelers waiting over 20 minutes in security lines. Importantly, the survey suggested that biometrics are crucial to create a travel environment where safety and security are assured, without sacrificing efficiency or privacy, something we have long believed.

This data reflects the need for a universal, predictable and frictionless experience. CLEAR is building the solution with the Lane of the Future. At the core of this transformation is what we call our eSuite products: EnVe, ePassport, and eGates—designed to lead the future of secure, seamless travel experiences.

EnVe, our new Enrollment Verification Pods, have now been deployed across our network. Our EnVe Pods are driving material benefits to the Member experience through facial recognition and faster verifications. EnVes are also enabling labor productivity enhancements, proving the value of automation in high-volume environments. Finally, we are proud that our EnVes just received the Red Dot Design Award, given for great innovation in design.

ePassport is a breakthrough in identity verification. It has unlocked true one-step enrollment. For the first time ever, Members can now fully enroll at home, digitizing their passport in less than 2 minutes by scanning their passport chip directly within the CLEAR App. No more stopping at the airport to enroll—travelers can arrive at the airport and zip straight to the CLEAR Lane. Today, this is available to U.S. travelers, and we will be bringing this to international travelers in the near future, which will expand our total addressable market.

eGates represent the next leap forward—software-driven intelligent hardware, built for faster and more secure experiences; they are vertically integrated, automated, and built for scale. Pilots are underway at select airports and we believe they should be a cornerstone of next-generation travel. Major global events like the World Cup in 2026 and the Olympics in 2028 are on the horizon, and will put U.S. airports in the global spotlight. CLEAR is ready to meet the moment—offering end-to-end automated Lanes at no cost to the government or taxpayers.

Scaling TSA PreCheck® Enrollment Provided by CLEAR and Unlocking New Channels

We are proud to be delivering TSA PreCheck® enrollment to more Americans than ever. With 165 locations now live—including airports, city centers, and transit hubs—CLEAR is creating more ways for people to enroll at the airport. We recently rolled out our passport lookup feature which means as long as travelers have a passport they don't need to have it physically with them to enroll. We believe this will be an important accelerant to TSA PreCheck® enrollment.

CLEAR Is Helping to Get America REAL ID Ready

With the federal REAL ID enforcement date here, the stakes are high. Millions of Americans risk showing up at the airport unprepared. CLEAR is built to solve this. Members can now upload and digitize their passport directly in the CLEAR App and be travel ready. Our EnVe rollout and ePassport solutions are great examples of CLEAR solving big problems with thoughtful Member-first technology.





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Building the Future of Identity

CLEAR1 is the one vertically integrated identity platform that helps enterprises prevent fraud, reduce insider risk, and build trust. CLEAR1's embedded base of over 31 million Members today and smart network maximizes security and minimizes friction. CLEAR1 continues to gain traction as we bring digital identity to life across new categories.

Our recent partnership with DocuSign is a game-changer. Customers count on DocuSign for critical agreements and contracts, and we believe there is no greater way to build trust in those documents than total identity integrity provided by CLEAR. Our solution will allow users to verify their identity instantly and securely when signing high-trust agreements—streamlining processes in real estate, finance and legal industries. Together, we are setting a new standard for secure, digital-first workflows and it sets the foundation for expanded enterprise adoption of CLEAR.

Overall, CLEAR1 continues to make great progress across the consumer, healthcare, and finance industries. Identity is becoming more foundational to trust and access across sectors, and CLEAR is uniquely positioned to lead. With that, I will turn it over to Jen.

Jen Hsu *Chief Financial Officer*

Thank you, Caryn, and thanks to the entire CLEAR team for such a warm welcome. There is a tremendous amount of opportunity for the business as we look ahead, and I'm thrilled to be joining CLEAR at such an exciting time.

Let me now turn to our first quarter financial results. We continued to execute against our broader strategy, which is to grow Members, Bookings, and Free Cash Flow. We ended the quarter with 31.2 million total Members on the CLEAR network, up 42.3% year-over-year, underscoring the continued growth and traction of CLEAR1. We delivered \$207 million of Total Bookings and \$91 million of Free Cash Flow, representing 14.8% and 17.6% growth, respectively.

Active CLEAR+ Members grew to 7.4 million, representing 9.1% growth. Our continued innovation, including The Lane of the Future, is elevating Member experience and fueling Member acquisition.

Q1 Gross Dollar Retention was 87.1%, down 140 basis points sequentially, driven by comping large, step-function price increases from 2023 and 2024. As an annual subscription biller, any pricing action that we take affects Gross Dollar Retention over a 24 month time period from the date we implement the pricing change. The pricing impact builds over the first 12 months and then tails off over the subsequent 12 months.

Since 2023, General Airline pricing increased 59% from \$119 to \$189 and Family pricing doubled from \$60 to \$119. These price increases had the greatest impact on Gross Dollar Retention throughout 2024, and are now beginning to normalize.

We have demonstrated our ability to consistently grow both Active CLEAR+ Members and average price over time. We continue to see meaningful price opportunities across our Member base, as we continue to enhance our value proposition.





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Shifting gears, we are making strong progress on TSA PreCheck®, and while we currently operate approximately 15% of total PreCheck® enrollment locations, we are gaining outsized market share in volume. We are rapidly ramping our footprint, with 165 total locations today across airports, flagships, and our retail partners. Furthermore, we are encouraged by our ability to upsell TSA PreCheck® new enrollments into CLEAR+ as a bundled product.

Moving on to profitability, we generated \$37 million of Operating Income, representing a 17.7% Operating margin, and \$52 million of Adjusted EBITDA, representing a 24.7% Adjusted EBITDA margin.

Cost of direct salaries and benefits represented 24.0% of revenue, up 150 basis points year-over-year. This increase reflects the first full quarter under our new Ambassador compensation structure, which shifted to higher base salaries and lower commissions. This change was designed to improve retention across our Ambassador team, and is showing success. Direct salaries and benefits in Q1 also included the impact of new TSA PreCheck® Flagship locations. Excluding these impacts, Cost of direct salaries and benefits demonstrated year-over-year operating leverage. Additionally, we continue to drive efficiencies in G&A, which represented 25.9% of revenue, an improvement of 360 basis points year-over-year, reflecting our disciplined corporate expense management.

In Q1, we generated \$91 million of Free Cash Flow, up 17.6% year-over-year, as a result of continued operating leverage and the capital efficiency of our business model.

We ended the quarter with \$533 million of cash and marketable securities, after returning \$168 million of capital to shareholders, including approximately \$102 million under our share repurchase program and approximately \$67 million in dividends and distributions.

Turning to guidance for Q2, and in consideration of the external environment, we expect Revenue of \$214-216 million and Total Bookings of \$215-220 million, representing 15.1% and 10.4% growth at the midpoint, respectively. For the full year 2025, we are reaffirming our Free Cash Flow guidance of at least \$310 million. And finally, we continue to expect full year 2025 GAAP tax rates to range between 17-20%.

With that, I'm looking forward to working with many of you, and will turn it back to Caryn for some closing remarks.

Caryn Seidman Becker *Co-Founder, Chair, and CEO*

Thanks, Jen.

The past two years have been a challenging environment from an operating and regulatory perspective which impacted Member experience and Member retention. Importantly we are thrilled with our engagement with the current administration and their alignment with private sector partnership and innovation. We are emerging from this period with an improving Member experience, a growing network, new technology, and continued pricing opportunities, leading to growth in our Member base, Bookings, and Free Cash Flow.

I want to close by thanking all of our great CLEAR Ambassadors and team members across the country for their dedication in serving our Members with excellence every day.

With that, we will open the call for Q&A.

