

February 25, 2016



Investnet Reports Fourth Quarter 2015 Financial Results and Authorization of Share Repurchase Program

CHICAGO--(BUSINESS WIRE)-- Investnet (NYSE:ENV), a leading provider of unified wealth management technology and services to financial advisors and enterprises, today reported financial results for its fourth quarter and full year ended December 31, 2015.

Fourth Quarter Highlights:

- Adjusted Revenues⁽¹⁾ increased 23% to \$118.6 million for the fourth quarter of 2015 from \$96.8 million for the fourth quarter of 2014.
- Operating expenses increased 35% to \$120.9 million in the fourth quarter of 2015 from \$89.7 million in the fourth quarter of 2014. Cost of revenues increased 1% to \$39.1 million in the fourth quarter of 2015 from \$38.6 million in the fourth quarter of 2014.
- Adjusted EBITDA⁽¹⁾ increased 35% to \$22.4 million for the fourth quarter of 2015 compared to \$16.6 million for the fourth quarter of 2014.
- Adjusted Net Income⁽¹⁾ was \$11.3 million, or \$0.28 per diluted share, for the fourth quarter of 2015 compared to \$8.6 million, or \$0.23 per diluted share, for the fourth quarter of 2014.
- Net income (loss) attributable to Investnet, Inc. was (\$3.9) million, or (\$0.10) per diluted share, for the fourth quarter of 2015 compared to \$3.7 million, or \$0.10 per diluted share, for the fourth quarter of 2014.
- Recurring revenue for the fourth quarter of 2015 was 96% of total revenue. Recurring revenue mix for the fourth quarter of 2015 was 73% in AUM/A revenue and 27% in subscription and licensing revenue.

Full Year 2015 Highlights:

- Adjusted Revenues⁽¹⁾ increased 21% to \$421.2 million for 2015 from \$348.7 million for 2014.
- Operating expenses increased 23% to \$401.9 million for 2015 from \$327.5 million for 2014. Cost of revenues increased 7% to \$161.3 million for 2015 from \$150.1 million for 2014.
- Adjusted EBITDA⁽¹⁾ increased 36% to \$76.1 million for 2015 compared to \$55.9 million for 2014.
- Adjusted Net Income⁽¹⁾ was \$37.7 million, or \$0.98 per diluted share, for 2015

compared to \$29.5 million, or \$0.80 per diluted share, for 2014.

- Net income attributable to Envestnet, Inc. was \$4.4 million, or \$0.12 per diluted share, for 2015 compared to \$14.2 million, or \$0.38 per diluted share, for 2014.
- Recurring revenue for 2015 was 97% of total revenue. Recurring revenue mix for 2015 was 82% in AUM/A revenue and 18% in subscription and licensing revenue.

“2015 was a transformational year for Envestnet. We are well-positioned to be the preeminent enabling technology in wealth management, empowering the advisor of the future with a deeply integrated end-to-end platform and enabling advisors and enterprises to deliver better financial outcomes for their clients,” said Jud Bergman, Chairman and CEO.

“Perhaps even more important, the merger with Yodlee broadens our business opportunity beyond wealth management to include financial technology and data analytics, significantly expanding our addressable market and providing additional sources for growth,” concluded Mr. Bergman.

SEGMENT RESULTS

Envestnet

Financial Results for the Fourth Quarter of 2015

- Adjusted revenues⁽¹⁾, increased 8% to \$104.3 million for the fourth quarter of 2015 from \$96.8 million for the fourth quarter of 2014.
- Adjusted EBITDA⁽¹⁾ increased 14% to \$21.8 million for the fourth quarter of 2015 compared to \$19.0 million for the fourth quarter of 2014.

Financial Results for the Full Year of 2015

- Adjusted revenues⁽¹⁾ increased 17% to \$407.0 million for 2015 from \$348.7 million for 2014.
- Adjusted EBITDA⁽¹⁾ increased 27% to \$83.1 million for 2015 compared to \$65.5 million for 2014.

Key Operating Metrics (AUM/A Only) as of and for the Quarter and Year Ended December 31, 2015:

- Assets: \$289.7 billion, up 18% from December 31, 2014
- Accounts: 1,298,179, up 33% from December 31, 2014
- Advisors: 33,775, up 18% from December 31, 2014
- Gross sales – fourth quarter 2015: \$49.9 billion, resulting in net flows of \$34.1 billion
- Gross sales – full year 2015: \$114.9 billion, resulting in net flows of \$55.4 billion

The following table summarizes the changes in AUM and AUA for the quarter ended December 31, 2015:

| In Millions Except Accounts | 9/30/2015 | Gross Redemp- | | | Market | | 12/31/2015 |
|-----------------------------------|-------------------|-----------------|-------------------|------------------|-----------------|-------------|-------------------|
| | | Sales | tions | Net Flows | Impact | Reclass | |
| Assets under Management (AUM) | \$ 73,164 | \$16,586 | \$ (4,968) | \$ 11,618 | \$ 823 | \$ 6,954 | \$ 92,559 |
| Assets under Administration (AUA) | 177,121 | 33,353 | (10,860) | 22,493 | 4,517 | (6,954) | 197,177 |
| Total AUM/A | \$ 250,285 | \$49,939 | \$(15,828) | \$ 34,111 | \$ 5,340 | \$ - | \$ 289,736 |
| <i>Fee-Based Accounts</i> | 1,062,958 | | | 235,221 | | | 1,298,179 |

The above AUM/A gross sales figures include \$27.6 billion in new client conversions. The Company onboarded an additional \$13.5 billion in licensing conversions during the fourth quarter, bringing total conversions for the quarter to \$41.1 billion.

The following table summarizes the changes in AUM and AUA for the year ended December 31, 2015:

| In Millions Except Accounts | 12/31/2014 | Gross Redemp- | | | Market | | 12/31/2015 |
|-----------------------------------|-------------------|------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | | Sales | tions | Net Flows | Impact | Reclass | |
| Assets under Management (AUM) | \$ 72,120 | \$ 35,995 | \$(18,170) | \$ 17,825 | \$(4,340) | \$ 6,954 | \$ 92,559 |
| Assets under Administration (AUA) | 174,249 | 78,944 | (41,347) | 37,597 | (4,577) | (10,092) | 197,177 |
| Total AUM/A | \$ 246,369 | \$114,939 | \$(59,517) | \$ 55,422 | \$(8,917) | \$ (3,138) | \$ 289,736 |
| <i>Fee-Based Accounts</i> | 977,625 | | | 330,361 | | (9,807) | 1,298,179 |

The above AUM/A gross sales figures include \$31.9 billion in new client conversions. The Company onboarded an additional \$98.5 billion in licensing conversions during 2015, bringing total conversions for the year to \$130.4 billion.

Investnet | Yodlee

Financial Results for the period from November 19, 2015 (date of acquisition) to December 31, 2015

- Adjusted revenues were \$14.3 million for the period.
- Adjusted EBITDA⁽¹⁾ was \$3.4 million for the period.

Nonsegment

- Nonsegment expenses totaled \$10.7 million for the fourth quarter of 2015 from \$2.4 million for the fourth quarter of 2014. Nonsegment expenses were 9% of consolidated operating expenses for the fourth quarter of 2015 compared to 3% of consolidated operating expenses for the fourth quarter of 2014. The increase is due primarily to transaction costs associated with the acquisition of Yodlee.
- Nonsegment expenses totaled \$21.3 million for the full year of 2015 from \$11.6 million for the full year of 2014. Nonsegment expenses were 5% of consolidated operating expenses for the full year of 2015 compared to 4% of consolidated operating expenses for the full year of 2014. The increase is due primarily to transaction costs associated with the acquisition of Yodlee as well as other 2015 acquisitions.

Cash Flow and Financial Position

At December 31, 2015, Envestnet had \$51.7 million in cash and cash equivalents compared to \$209.8 million at December 31, 2014.

Total debt was \$300.1 million at December 31, 2015, compared to \$145.2 million at December 31, 2014. The increase in debt is due to the acquisition of Yodlee. Our revolving credit facility was undrawn with \$100 million available as of December 31, 2015.

Share Repurchase Authorization

Envestnet also announced that its Board of Directors has authorized a share repurchase program under which the company may repurchase up to 2,000,000 shares of its common stock. The timing and volume of share repurchases will be determined by the company's management based on its ongoing assessments of the capital needs of the business, the market price of its common stock and general market conditions. No time limit has been set for the completion of the repurchase program, and the program may be suspended or discontinued at any time. The repurchase program authorizes the company to purchase its common stock from time to time in the open market (including pursuant to a "Rule 10b5-1 plan"), in block transactions, in privately negotiated transactions, through accelerated stock repurchase programs, through option or other forward transactions or otherwise, all in compliance with applicable laws and other restrictions.

Conference Call

Envestnet will host a conference call to discuss fourth quarter 2015 financial results today at 5:00 p.m. ET. The live webcast can be accessed from Envestnet's investor relations website at <http://ir.envestnet.com/>. The call can also be accessed live over the phone by dialing (888) 437-9445, or for international callers (719) 457-2645. A replay will be available one hour after the call and can be accessed by dialing (877) 870-5176 or (858) 384-5517 for international callers; the conference ID is 4472117. The dial-in replay will be available for one week and the webcast replay will be available for one month following the date of the conference call.

About Envestnet

Envestnet, Inc. (NYSE: ENV) is a leading provider of unified wealth management technology and services to investment advisors. Our open-architecture platforms unify and fortify the wealth management process, delivering unparalleled flexibility, accuracy, performance, and value. Envestnet solutions enable the transformation of wealth management into a transparent, independent, objective, and fully-aligned standard of care, and empower advisors to deliver better outcomes.

Envestnet's Advisor Suite® software empowers financial advisors to better manage client outcomes and strengthen their practices. Envestnet provides institutional-quality research and advanced portfolio solutions through our Portfolio Management Consultants group, Envestnet | PMC®. Envestnet | Tamarac provides leading rebalancing, reporting, and practice management software.

Envestnet | Yodlee is a leading data aggregation and data analytics platform powering

dynamic, cloud-based innovation for digital financial services. More than 950 companies, including 12 of the 20 largest U.S. banks and hundreds of Internet services companies, subscribe to the Envestnet | Yodlee platform to power personalized financial apps and services for millions of consumers. Envestnet | Yodlee solutions help improve the speed and delivery of financial innovation, improve digital customer experiences, and drive better outcomes for our clients and their customers.

For more information on Envestnet, please visit www.envestnet.com and follow @ENVintel (<https://twitter.com/envintel>).

(1) Non-GAAP Financial Measures

“Adjusted revenues” exclude the effect of purchase accounting on the fair value of acquired deferred revenue. Under United States generally accepted accounting principles (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 EBITDA” represents net income before deferred revenue fair value adjustment, interest income, interest expense, accretion on contingent consideration, income tax provision (benefit), depreciation and amortization, non-cash compensation expense, restructuring charges and transaction costs, severance, fair market value adjustment on contingent consideration, litigation related expense, other (income) loss and pre-tax loss attributable to non-controlling interest.

“Adjusted net income” represents net income before deferred revenue fair value adjustment, accretion on contingent consideration, non-cash interest expense, non-cash compensation expense, restructuring charges and transaction costs, severance, amortization of acquired intangibles, fair market value adjustment on contingent consideration, litigation related expense, other (income) loss and net loss attributable to non-controlling interest. Reconciling items are tax effected using the income tax rates noted in the reconciliation table found in this release.

“Adjusted net income per share” represents adjusted net income divided by the diluted number of weighted-average shares outstanding.

See reconciliation of Non-GAAP Financial Measures at the end of this press release. These 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 (the “Company”) expected financial performance and outlook, 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, difficulty in sustaining rapid revenue growth, which may place significant demands on the Company's administrative, operational and financial resources, fluctuations in the Company's revenue, the concentration of nearly all of the Company's revenues from the delivery of investment solutions and services to clients in the financial advisory industry, the Company's reliance on a limited number of clients for a material portion of its revenue, the renegotiation of fee percentages or termination of the Company's services by its clients, the Company's ability to identify potential acquisition candidates, complete acquisitions and successfully integrate acquired companies, the impact of market and economic conditions on the Company's revenues, compliance failures, regulatory actions against the Company, the failure to protect the Company's intellectual property rights, the Company's inability to successfully execute the conversion of its clients' assets from their technology platform to the Company's technology platform in a timely and accurate manner, general economic conditions, changes to the Company's previously reported financial information as a result of political and regulatory conditions, as well as management's response to these factors. More information regarding these and other risks, uncertainties and factors is contained in the Company's filings with the Securities and Exchange Commission ("SEC") which are available on the SEC's website at www.sec.gov or the Company's 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 February 25, 2016 and, unless required by law, the Company undertakes 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)

| | <u>December 31,</u> | |
|---|---------------------|------------------|
| | <u>2015</u> | <u>2014</u> |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 51,718 | \$209,754 |
| Fees and other receivables, net | 46,756 | 20,345 |
| Prepaid expenses and other current assets | 15,175 | 7,242 |
| Total current assets | <u>113,649</u> | <u>237,341</u> |
| Property and equipment, net | 28,681 | 16,629 |
| Internally developed software, net | 9,897 | 7,023 |
| Intangible assets, net | 292,675 | 58,654 |
| Goodwill | 421,273 | 104,976 |
| Deferred tax assets, net | 2,688 | 5,219 |
| Other non-current assets | 16,702 | 9,516 |
| Total assets | <u>\$885,565</u> | <u>\$439,358</u> |
| Liabilities and Equity | | |
| Current liabilities: | | |
| Accrued expenses and other liabilities | \$ 83,411 | \$ 48,247 |
| Accounts payable | 10,420 | 4,869 |
| Contingent consideration | 2,537 | 6,405 |

| | | |
|-------------------------------|------------------|------------------|
| Deferred revenue | 15,089 | 5,159 |
| Total current liabilities | <u>111,457</u> | <u>64,680</u> |
| Convertible notes | 150,133 | 145,203 |
| Term notes | 150,000 | - |
| Contingent consideration | 1,506 | 7,462 |
| Deferred revenue | 14,378 | 6,954 |
| Deferred rent | 5,548 | 3,588 |
| Lease incentive | 5,428 | 5,550 |
| Other non-current liabilities | 6,288 | 2,430 |
| Total liabilities | <u>444,738</u> | <u>235,867</u> |
| Redeemable units in ERS | 900 | 1,500 |
| Equity: | | |
| Stockholders' equity | 439,529 | 201,435 |
| Non-controlling interest | 398 | 556 |
| Total liabilities and equity | <u>\$885,565</u> | <u>\$439,358</u> |

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

| | Three Months Ended | | Year ended | |
|--|---------------------------|-------------------|---------------------|-------------------|
| | December 31, | | December 31, | |
| | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | |
| Assets under management or administration | \$ 83,212 | \$ 81,516 | \$ 333,684 | \$ 294,223 |
| Subscription and licensing | 30,094 | 13,868 | 75,280 | 48,787 |
| Professional services and other | 5,129 | 1,419 | 11,955 | 5,738 |
| Total revenues | <u>118,435</u> | <u>96,803</u> | <u>420,919</u> | <u>348,748</u> |
| Operating expenses: | | | | |
| Cost of revenues | 39,101 | 38,564 | 161,309 | 150,067 |
| Compensation and benefits | 43,594 | 30,008 | 139,756 | 104,457 |
| General and administration | 27,322 | 15,807 | 72,227 | 54,321 |
| Depreciation and amortization | 10,747 | 5,361 | 27,962 | 18,651 |
| Restructuring charges | 155 | - | 673 | - |
| Total operating expenses | <u>120,919</u> | <u>89,740</u> | <u>401,927</u> | <u>327,496</u> |
| Income (loss) from operations | (2,484) | 7,063 | 18,992 | 21,252 |
| Other income (expense) | (3,204) | (654) | (10,004) | 1,255 |
| Income (loss) before income tax provision (benefit) | (5,688) | 6,409 | 8,988 | 22,507 |
| Income tax provision (benefit) | (1,775) | 2,716 | 4,552 | 8,528 |
| Net income (loss) | (3,913) | 3,693 | 4,436 | 13,979 |
| Add: Net loss attributable to non-controlling interest | - | - | - | 195 |
| Net income (loss) attributable to Envestnet, Inc. | <u>\$ (3,913)</u> | <u>\$ 3,693</u> | <u>\$ 4,436</u> | <u>\$ 14,174</u> |
| Net income (loss) per share attributable to Envestnet, Inc.: | | | | |
| Basic | \$ (0.10) | \$ 0.11 | \$ 0.12 | \$ 0.41 |
| Diluted | <u>\$ (0.10)</u> | <u>\$ 0.10</u> | <u>\$ 0.12</u> | <u>\$ 0.38</u> |
| Weighted average common shares outstanding: | | | | |
| Basic | 39,019,123 | 34,890,566 | 36,500,843 | 34,559,558 |
| Diluted | <u>39,019,123</u> | <u>37,242,598</u> | <u>38,386,873</u> | <u>36,877,599</u> |

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

| | Year Ended | |
|---|---------------------|------------------|
| | December 31, | |
| | 2015 | 2014 |
| OPERATING ACTIVITIES: | | |
| Net income | \$ 4,436 | \$ 13,979 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 27,962 | 18,651 |
| Deferred rent and lease incentive | 1,819 | 275 |
| Provision for doubtful accounts | 176 | 15 |
| Deferred income taxes | (11,918) | (4,640) |
| Stock-based compensation expense | 15,161 | 11,423 |
| Excess tax benefits from stock-based compensation expense | (17,607) | (8,848) |
| Interest expense | 10,271 | 626 |
| Accretion on contingent consideration | 888 | 1,472 |
| Fair market value adjustment on contingent consideration | (4,153) | (1,432) |
| Changes in operating assets and liabilities, net of acquisitions: | | |
| Fees and other receivables, net | (9,297) | 1,788 |
| Prepaid expenses and other current assets | 15,965 | 9,733 |
| Other non-current assets | (6,025) | (873) |
| Accrued expenses and other liabilities | (13,654) | 9,784 |
| Accounts payable | 3,128 | (659) |
| Deferred revenue | 10,906 | 4,677 |
| Other non-current liabilities | (3,630) | 26 |
| Net cash provided by operating activities | <u>24,428</u> | <u>55,997</u> |
| INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (9,184) | (6,177) |
| Capitalization of internally developed software | (5,532) | (3,382) |
| Investment in private company | (1,500) | - |
| Purchase of ERS units | (100) | - |
| Acquisition of businesses, net of cash acquired | (328,305) | (59,570) |
| Net cash used in investing activities | <u>(344,621)</u> | <u>(69,129)</u> |
| FINANCING ACTIVITIES: | | |
| Proceeds from issuance of convertible notes | - | 172,500 |
| Convertible notes issuance costs | - | (5,533) |
| Proceeds from borrowings of term notes | 160,000 | - |
| Repayment of term notes | (10,000) | - |
| Proceeds from borrowings on revolving credit facility | 10,000 | 30,000 |
| Payment on revolving credit facility | (10,000) | (30,000) |
| Payments of contingent consideration | (7,219) | (6,000) |
| Issuance of ERS redeemable units | 900 | 1,500 |
| Payment of promissory note | - | (1,500) |
| Proceeds from exercise of stock options | 8,279 | 5,190 |
| Issuance of restricted stock | 2 | 1 |
| Purchase of treasury stock for stock-based minimum tax withholdings | (7,412) | (2,062) |
| Excess tax benefits from stock-based compensation expense | 17,607 | 8,848 |
| Net cash provided by financing activities | <u>162,157</u> | <u>172,944</u> |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>(158,036)</u> | <u>159,812</u> |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 209,754 | 49,942 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | <u>\$ 51,718</u> | <u>\$209,754</u> |

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

| | Three Months Ended | | Year Ended | |
|--|--------------------|-------------------|-------------------|-------------------|
| | December 31, | | December 31, | |
| | 2015 | 2014 | 2015 | 2014 |
| Revenues | \$ 118,435 | \$ 96,803 | \$ 420,919 | \$ 348,748 |
| Deferred revenue fair value adjustment | 188 | - | 322 | - |
| Adjusted revenues | <u>\$ 118,623</u> | <u>\$ 96,803</u> | <u>\$ 421,241</u> | <u>\$ 348,748</u> |
| Net income (loss) | \$ (3,913) | \$ 3,693 | \$ 4,436 | \$ 13,979 |
| Add (deduct): | | | | |
| Deferred revenue fair value adjustment | 188 | - | 322 | - |
| Interest income | (50) | (38) | (338) | (139) |
| Interest expense | 3,190 | 604 | 10,271 | 626 |
| Accretion on contingent consideration | 94 | 363 | 888 | 1,472 |
| Income tax provision (benefit) | (1,775) | 2,716 | 4,552 | 8,528 |
| Depreciation and amortization | 10,746 | 5,361 | 27,962 | 18,651 |
| Non-cash compensation expense | 5,004 | 2,980 | 15,160 | 11,423 |
| Restructuring charges and transaction costs | 8,054 | 1,008 | 13,495 | 2,672 |
| Severance | 818 | 717 | 1,695 | 735 |
| Fair market value adjustment on contingent consideration | (361) | (1,090) | (4,153) | (1,432) |
| Litigation related expense | 65 | - | 65 | 18 |
| Other (income) loss | 64 | - | 72 | (1,825) |
| Pre-tax loss attributable to non-controlling interest | 338 | 295 | 1,643 | 1,230 |
| Adjusted EBITDA | <u>\$ 22,462</u> | <u>\$ 16,609</u> | <u>\$ 76,070</u> | <u>\$ 55,938</u> |
| Net income (loss) | \$ (3,913) | \$ 3,693 | \$ 4,436 | \$ 13,979 |
| Add (deduct): | | | | |
| Deferred revenue fair value adjustment | 113 | - | 193 | - |
| Accretion on contingent consideration | 57 | 218 | 533 | 883 |
| Non-cash interest expense | 1,061 | 195 | 3,837 | 195 |
| Non-cash compensation expense | 3,003 | 1,788 | 9,097 | 6,854 |
| Restructuring charges and transaction costs | 6,011 | 777 | 9,428 | 2,025 |
| Severance | 491 | 430 | 1,017 | 440 |
| Amortization of acquired intangibles | 4,460 | 2,013 | 10,581 | 6,385 |
| Fair market value adjustment on contingent consideration | (218) | (655) | (2,492) | (859) |
| Litigation related expense | 39 | - | 39 | 11 |
| Other (income) loss | 16 | - | 40 | (1,095) |
| Net loss attributable to non-controlling interest | 203 | 177 | 986 | 719 |
| Adjusted net income | <u>\$ 11,323</u> | <u>\$ 8,636</u> | <u>\$ 37,695</u> | <u>\$ 29,537</u> |
| Basic number of weighted-average shares outstanding | 39,019,123 | 34,890,566 | 36,500,843 | 34,559,558 |
| Effect of dilutive shares: | | | | |
| Options to purchase common stock | 1,396,145 | 2,101,240 | 1,700,248 | 2,165,808 |
| Unvested restricted stock units | 39,518 | 250,792 | 185,782 | 152,233 |
| Diluted number of weighted-average shares outstanding | <u>40,454,786</u> | <u>37,242,598</u> | <u>38,386,873</u> | <u>36,877,599</u> |
| Adjusted net income per share - diluted | <u>\$ 0.28</u> | <u>\$ 0.23</u> | <u>\$ 0.98</u> | <u>\$ 0.80</u> |

Note: Adjustments, excluding non-deductible transaction costs, are tax effected using an income tax rate of 40.0% for 2015 and 2014, respectively. Pre-tax loss attributable to non-controlling interest assumes losses are allocated to Investnet Retirement Solutions, LLC members pro-rata based on ownership percentage.

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

For the Three Months Ended December 31, 2015

| | <u>Investnet</u> | <u>Investnet Yodlee</u> | <u>Non-Segment</u> | <u>Total</u> |
|--|-------------------|---------------------------|--------------------|-------------------|
| Revenues | \$ 104,354 | \$ 14,081 | \$ - | \$ 118,435 |
| Deferred revenue fair value adjustment | (17) | 205 | - | 188 |
| Adjusted revenues | <u>\$ 104,337</u> | <u>\$ 14,286</u> | <u>\$ -</u> | <u>\$ 118,623</u> |
| Income (loss) from operations | \$ 11,175 | \$ (2,963) | \$ (10,696) | \$ (2,484) |
| Add (deduct): | | | | |
| Deferred revenue fair value adjustment | (17) | 205 | - | 188 |
| Accretion on contingent consideration | 94 | - | - | 94 |
| Depreciation and amortization | 6,154 | 4,592 | - | 10,746 |
| Non-cash compensation expense | 3,047 | 1,569 | 388 | 5,004 |
| Restructuring charges and transaction costs | 155 | - | 7,899 | 8,054 |
| Severance | 804 | 14 | - | 818 |
| Fair market value adjustment on contingent consideration | - | - | (361) | (361) |
| Litigation related expense | - | - | 65 | 65 |
| Pre-tax loss attributable to non-controlling interest | 338 | - | - | 338 |
| Adjusted EBITDA | <u>\$ 21,750</u> | <u>\$ 3,417</u> | <u>\$ (2,705)</u> | <u>\$ 22,462</u> |

For the Three Months Ended December 31, 2014

| | <u>Investnet</u> | <u>Investnet Yodlee</u> | <u>Non-Segment</u> | <u>Total</u> |
|--|------------------|---------------------------|--------------------|------------------|
| Revenues | \$ 96,803 | \$ - | \$ - | \$ 96,803 |
| Deferred revenue fair value adjustment | - | - | - | - |
| Adjusted revenues | <u>\$ 96,803</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 96,803</u> |
| Income (loss) from operations | \$ 9,497 | \$ - | \$ (2,434) | \$ 7,063 |
| Add (deduct): | | | | |
| Deferred revenue fair value adjustment | - | - | - | - |
| Accretion on contingent consideration | 363 | - | - | 363 |
| Depreciation and amortization | 5,361 | - | - | 5,361 |
| Non-cash compensation expense | 2,767 | - | 213 | 2,980 |
| Restructuring charges and transaction costs | - | - | 1,008 | 1,008 |
| Severance | 717 | - | - | 717 |
| Fair market value adjustment on contingent consideration | - | - | (1,090) | (1,090) |
| Other income | - | - | (88) | (88) |
| Pre-tax loss attributable to non-controlling interest | 295 | - | - | 295 |
| Adjusted EBITDA | <u>\$ 19,000</u> | <u>\$ -</u> | <u>\$ (2,391)</u> | <u>\$ 16,609</u> |

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

For the Year Ended December 31, 2015

| | <u>Investnet</u> | <u>Investnet Yodlee</u> | <u>Non-Segment</u> | <u>Total</u> |
|--|------------------|---------------------------|--------------------|--------------|
|--|------------------|---------------------------|--------------------|--------------|

| | | | | |
|--|-------------------|------------------|--------------------|-------------------|
| Revenues | \$ 406,838 | \$ 14,081 | \$ - | \$ 420,919 |
| Deferred revenue fair value adjustment | 117 | 205 | - | 322 |
| Adjusted revenues | <u>\$ 406,955</u> | <u>\$ 14,286</u> | <u>\$ -</u> | <u>\$ 421,241</u> |
| Income (loss) from operations | \$ 43,255 | \$ (2,963) | \$ (21,300) | \$ 18,992 |
| Add (deduct): | | | | |
| Deferred revenue fair value adjustment | 117 | 205 | - | 322 |
| Accretion on contingent consideration | 888 | - | - | 888 |
| Depreciation and amortization | 23,369 | 4,592 | - | 27,961 |
| Non-cash compensation expense | 12,141 | 1,569 | 1,451 | 15,161 |
| Restructuring charges and transaction costs | - | - | 13,430 | 13,430 |
| Severance | 1,681 | 14 | - | 1,695 |
| Fair market value adjustment on contingent consideration | - | - | (4,152) | (4,152) |
| Litigation related expense | - | - | 65 | 65 |
| Other loss | - | - | 65 | 65 |
| Pre-tax loss attributable to non-controlling interest | 1,643 | - | - | 1,643 |
| Adjusted EBITDA | <u>\$ 83,094</u> | <u>\$ 3,417</u> | <u>\$ (10,441)</u> | <u>\$ 76,070</u> |

For the Year Ended December 31, 2014

| | <u>Envestnet</u> | <u>Envestnet Yodlee</u> | <u>Non-Segment</u> | <u>Total</u> |
|--|-------------------|---------------------------|--------------------|-------------------|
| Revenues | \$ 348,748 | \$ - | \$ - | \$ 348,748 |
| Deferred revenue fair value adjustment | - | - | - | - |
| Adjusted revenues | <u>\$ 348,748</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 348,748</u> |
| Income (loss) from operations | \$ 32,854 | \$ - | \$ (11,602) | \$ 21,252 |
| Add (deduct): | | | | |
| Deferred revenue fair value adjustment | - | - | - | - |
| Accretion on contingent consideration | 1,472 | - | - | 1,472 |
| Depreciation and amortization | 18,651 | - | - | 18,651 |
| Non-cash compensation expense | 10,572 | - | 851 | 11,423 |
| Restructuring charges and transaction costs | - | - | 2,672 | 2,672 |
| Severance | 735 | - | - | 735 |
| Fair market value adjustment on contingent consideration | - | - | (1,432) | (1,432) |
| Litigation related expense | - | - | 18 | 18 |
| Other income | - | - | (83) | (83) |
| Pre-tax loss attributable to non-controlling interest | 1,230 | - | - | 1,230 |
| Adjusted EBITDA | <u>\$ 65,514</u> | <u>\$ -</u> | <u>\$ (9,576)</u> | <u>\$ 55,938</u> |

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

| | As of | | | | |
|-----------------------------------|--------------------------|-----------------------|----------------------|---------------------------|--------------------------|
| | <u>December 31, 2014</u> | <u>March 31, 2015</u> | <u>June 30, 2015</u> | <u>September 30, 2015</u> | <u>December 31, 2015</u> |
| Platform Assets | | | | | |
| Assets Under Management (AUM) | \$ 72,120 | \$ 74,643 | \$ 75,922 | \$ 73,164 | \$ 92,559 |
| Assets Under Administration (AUA) | 174,249 | 181,239 | 181,922 | 177,121 | 197,177 |
| Subtotal AUM/A | 246,369 | 255,882 | 257,844 | 250,285 | 289,736 |
| Licensing | 466,982 | 493,284 | 534,674 | 538,271 | 561,699 |
| Total Platform Assets | <u>\$ 713,351</u> | <u>\$ 749,166</u> | <u>\$ 792,518</u> | <u>\$ 788,556</u> | <u>\$ 851,435</u> |

| Platform Accounts | | | | | |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|
| AUM | 310,351 | 319,896 | 332,738 | 344,321 | 490,471 |
| AUA | 667,274 | 679,753 | 695,463 | 718,637 | 807,708 |
| Subtotal AUM/A | 977,625 | 999,649 | 1,028,201 | 1,062,958 | 1,298,179 |
| Licensing | 1,881,352 | 1,982,773 | 2,044,355 | 2,140,672 | 2,176,068 |
| Total Platform Accounts | 2,858,977 | 2,982,422 | 3,072,556 | 3,203,630 | 3,474,247 |
| Advisors | | | | | |
| AUM/A | 28,605 | 29,023 | 29,541 | 30,177 | 33,775 |
| Licensing | 11,632 | 12,306 | 12,870 | 13,409 | 13,553 |
| Total Advisors | 40,237 | 41,329 | 42,411 | 43,586 | 47,328 |

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