



**CLEAR<sup>®</sup>**

---

# **Shareholder Letter**

Q2 2023



# CLEAR®

Shareholder Letter  
Q2 2023

## Second Quarter 2023 Financial Highlights

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

- › Revenue of \$149.9 million was up 45.9% while Total Bookings of \$175.1 million were up 42.5%
- › Net cash provided by operating activities of \$75.0 million; Free Cash Flow of \$66.6 million
- › Total Cumulative Enrollments of 17.4 million were up 32.7%
- › Active CLEAR Plus Members of 6.2 million were up 40.6% (new quarterly KPI)
- › Annual CLEAR Plus Net Member Retention of 90.7% was down 360 basis points year-over-year and 60 basis points sequentially
- › Total Cumulative Platform Uses of 154.3 million were up 44.7%
- › Annual CLEAR Plus Member Usage of 8.7x was up 3.6% (new quarterly KPI)
- › Net income of \$8.0 million, Net income per common share basic and diluted of \$0.04
- › Adjusted net income of \$22.8 million, Adjusted net income per common share, basic and diluted \$0.15
- › Adjusted EBITDA of \$20.0 million
- › Repurchased 1.5 million shares of Class A Common Stock at an average \$25.19 per share
- › Established a regular quarterly dividend policy; declared first quarterly dividend of \$0.07 to holders of Class A and Class B Common Stock as of August 11, 2023, payable on August 18, 2023
- › Reached 53 CLEAR Plus airports: launched Tulsa International Airport in July 2023
- › Working with LinkedIn to expand to other markets later this year

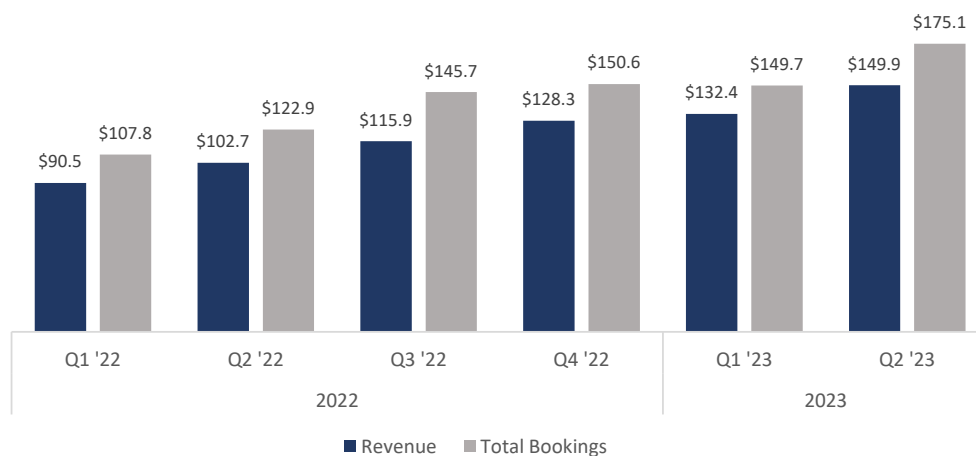
*“Our second quarter 2023 results demonstrate the strength of our model. We achieved strong top line growth with significant operating leverage. Net income was positive for the first time as a public company while Free Cash Flow grew 62%. We also established a regular quarterly dividend—between opportunistic share repurchase, special dividends and now the regular quarterly dividend our goal is to grow total cash returned to shareholders on an annual basis,” 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*

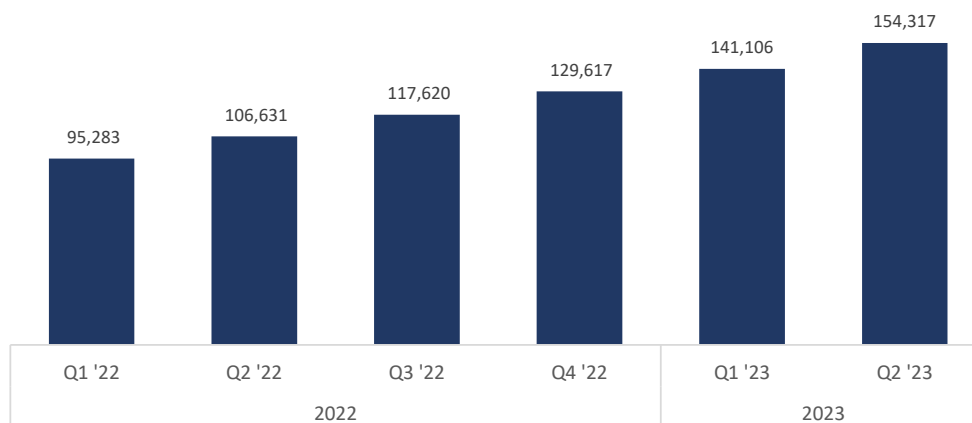
## Total Cumulative Enrollments



*in thousands*

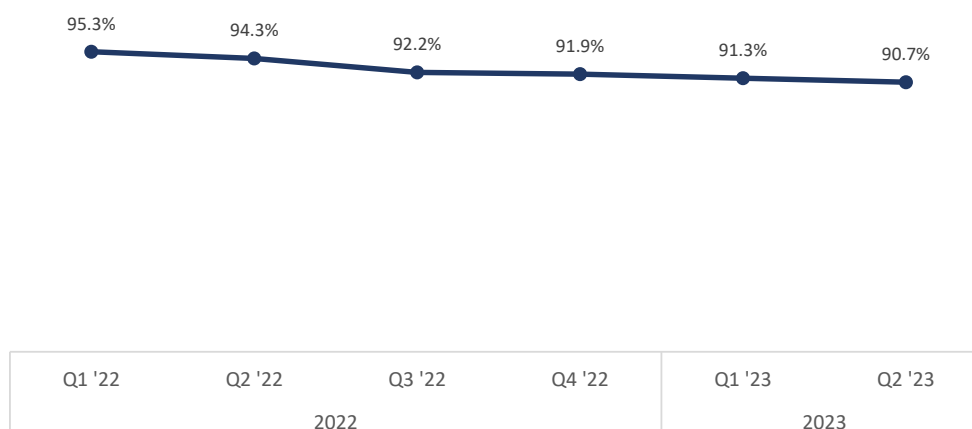


## Total Cumulative Platform Uses



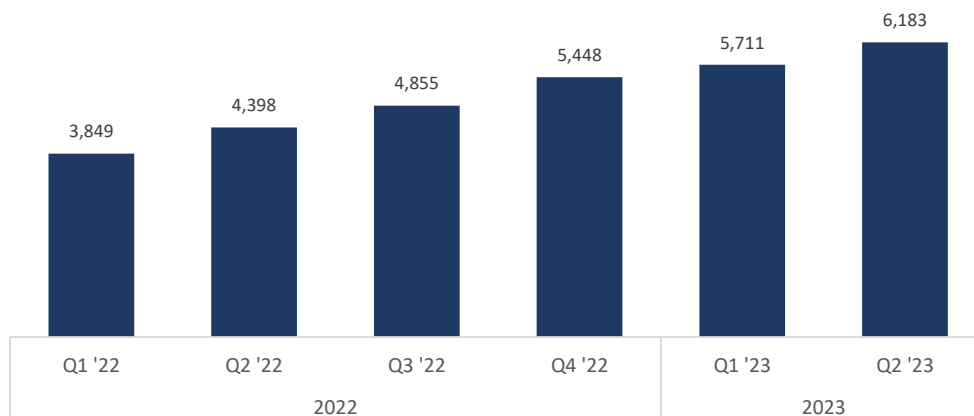
*in thousands*

## Annual CLEAR Plus Net Member Retention





## Active CLEAR Plus Members



*in thousands*

## Annual CLEAR Plus Member Usage





# CLEAR®

Shareholder Letter  
Q2 2023

Dear Shareholder,

CLEAR celebrated our two-year anniversary as a public company on June 30th. Our IPO roadshow focused on how identity is foundational to unlocking friction-free experiences and how CLEAR's secure identity platform extends broadly into travel and beyond. As we work to make CLEAR a daily habit, it is the right moment to review where we have been, where we are going, our business model and our capital allocation philosophy.

We continue to believe that travel has undergone a structural shift in demand post-pandemic. Initially we saw a strong "COVID bounce", however eight quarters in, with bookings growth of 42.5% this quarter it is evident that travelers value CLEAR more than ever. The CLEAR member base is expanding beyond the traditional road warrior, evidenced by new geographies, a younger demographic and weekly and seasonal travel patterns very different from the past. CLEAR has become the trusted brand for predictable and friction-free travel experiences.

In addition, travel is hard and getting harder. By 2030 we expect one million more travelers traversing US airports every day (a 3% CAGR from 2019 levels). Technology and innovation must be part of the solution and we are committed to supporting our partners in this challenge. In 2010, we believed in the consumerization of biometrics to make experiences safer and easier—today, the global travel industry agrees.

Over the past few years our focus has expanded to leveraging biometric innovation to transform the travel experience from home to gate with security and customer obsession at the core—CLEAR is on the side of the traveler. The CLEAR ID is universal—travelers enroll once and whether in the cloud or on device—across airlines, airports and use cases—when you are dropping your bag, going through security, or entering the lounge—you are always you.

The "CLEAR lane of the future" is on the horizon. Since 2020, we've been collaborating with the Department of Homeland Security on digital identity innovation and integration with TSA's next generation hardware. A more friction-free experience will electronically transmit a CLEAR member's credential (digital identity) to TSA's next-gen hardware for seamless and secure entry into physical screening, without the need for an ID. Additionally, new digital ID industry standards allow for mobile enrollments and we will transition from fingerprint and iris as the primary biometric to face. With one million more travelers per day—these efficiency gains will be extremely important for travelers and for CLEAR.

We remain excited about TSA PreCheck® Enrollment Provided by CLEAR. We believe we will drive significant growth in the program through expanded availability and easy access. The launch should be accretive to margins going forward, as we have been carrying significant overhead for this program for several years.

With CLEAR Plus, RESERVE *powered by* CLEAR, TSA PreCheck® Enrollment Provided by CLEAR, and our home to gate innovations—we are focused on serving all travelers whether they travel once a year or once a week.





# CLEAR®

Shareholder Letter  
Q2 2023

CLEAR Verified (formerly *Powered By CLEAR*) is our nascent B2B business. 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.

These are early days for the digital identity industry. As the world moves online—identity and trust are paramount and there are countless use cases for CLEAR's platform. Online platforms such as our partner LinkedIn are increasingly focused on confirming the identity of their user base to increase trust and reduce fraud. We are working with LinkedIn to expand to other markets later this year, as we have added localization capabilities to our platform.

Healthcare service businesses want to improve customer and employee experience and drive efficiencies by leveraging digital identities to streamline check-in, login and account management (our partner University of Miami Health System speaks about our value proposition [here](#)). We also see opportunity in the financial services space as businesses are looking for ways to improve their Know Your Customer ("KYC") processes.

CLEAR's networked identity supports businesses by authenticating an individual upfront and enabling that individual to leverage their identity across multiple partners. Our growing base of over 17 million members accelerates adoption for our partners at a lower cost.

Since going public, our team has executed well—expanding our network, our products, and our partners. We have grown from 38 CLEAR Plus airports to 53, and 18 airports with RESERVE *powered by* CLEAR. Total Cumulative Enrollments have increased from 6.3 million to 17.4 million members, trailing 12-month Free Cash Flow has grown from \$11 million to \$194 million and we are on track to more than double 2021 bookings this year.

We have consistently highlighted the three business metrics we believe are key to maximizing long-term shareholder value—members, bookings and Free Cash Flow. Sometimes we make near term trade offs. For example we have been investing in CLEAR Verified and TSA PreCheck® Enrollment Provided by CLEAR since 2020, which have impacted our margins.

We remain committed to the long-term 35% Adjusted EBITDA margin target we laid out in our IPO roadshow. While we have made good progress since 2021 we expect high incremental margins in the future as TSA PreCheck® Enrollment Provided by CLEAR launches and platform bookings ramp while growth in these investments slow materially. As owner-operators (we own ~18% of total shares outstanding) we are highly aligned with CLEAR shareholders—we will optimize the levers of the business and make capital allocation decisions accordingly.

With \$773 million of cash on the balance sheet, capital allocation is a big deal. We have significant optionality to invest in organic and inorganic opportunities while returning excess capital to shareholders. In the last 12 months we have returned ~\$120 million to shareholders in the form of share repurchase and distributions.





# CLEAR®

Shareholder Letter  
Q2 2023

We are excited for the next chapter of our capital allocation journey with today's announcement of a regular quarterly dividend. On top of this regular dividend, we plan to return additional capital to shareholders on an opportunistic basis, which may include special cash dividends and share repurchases. Our goal is to grow total cash returned to shareholders on an annual basis over time.

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,





## Second Quarter 2023 Financial Discussion

Second quarter 2023 **Revenue** of \$149.9 million grew 45.9% as compared to the second quarter of 2022 while **Total Bookings** of \$175.1 million grew 42.5%. 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.

Second quarter 2023 **Total Cumulative Enrollments** reached 17.4 million, driven primarily by an increase in CLEAR Plus enrollments at existing and new airports, as well as contributions from CLEAR Verified.

Second quarter 2023 **Active CLEAR Plus Members** reached 6.2 million, up 40.6% as compared to the second quarter of 2022 driven by new members added through airport, partner and organic channels in existing and new markets. As this is a new quarterly KPI, historical figures have been included for reference in the Appendix for periods beginning with the first quarter of 2021.

Second quarter 2023 **Total Cumulative Platform Uses** reached 154.3 million, driven by the continued strength in air travel leading to increases in CLEAR Plus verifications.

Second quarter 2023 **Annual CLEAR Plus Member Usage** was 8.7x, up 3.6% as compared to the second quarter of 2022. As this is a new quarterly KPI, historical figures have been included for reference in the Appendix for periods beginning with the first quarter of 2021.

Second quarter 2023 **Annual CLEAR Plus Net Member Retention** was 90.7%, down 360 basis points year-over-year and down 60 basis points sequentially. The decline continues to be driven by a normalization of winback activity from pandemic levels. 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 \$21.2 million in the second quarter of 2023 and includes a COVID-related benefit of \$0.3 million. Excluding COVID-related benefits in all periods, cost of revenue share fee as a percentage of revenue was up 102 basis points year-over-year and down 87 basis points sequentially. 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 \$34.2 million in the second quarter of 2023, up 35.1% year-over-year, and up 3.2% sequentially. As a percentage of revenue, cost of direct salaries and benefits was down 182 basis points year-over-year and down 222 basis points sequentially. Year-over-year growth was driven by nine new airport launches since the second quarter 2022 and higher travel volumes leading to higher staffing needs.



## Second Quarter 2023 Financial Discussion (Cont.)

**Research and development** expense of \$22.3 million in the second quarter of 2023 includes \$0.6 million non-cash equity-based compensation relating to pre-IPO employee performance awards and \$0.07 million of write offs. Excluding the pre-IPO employee performance award expense and write offs as well as previously disclosed prior-period non-cash items, research and development expense was up 51.1% year-over-year and up 5.3% sequentially, and, as a percentage of revenue, it was up 50 basis points year-over-year and down 109 basis points sequentially.

**Sales and marketing** expense of \$10.8 million in the second quarter of 2023 includes \$0.01 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 non-cash items, sales and marketing expense declined 5.2% year-over-year and increased 11.6% sequentially, and, as a percentage of revenue, it was down 387 basis points year-over-year and down 10 basis points sequentially.

**General and administrative** expense of \$56.1 million in the second quarter of 2023 includes (\$0.5) million relating to pre-IPO employee performance award units. Excluding the pre-IPO employee performance award unit benefit as well as previously disclosed prior-period non-cash items, general and administrative expense of \$56.6 million grew 17.6% year-over-year and 4.4% sequentially and as a percentage of revenue it was down 910 basis points year-over-year and 319 basis points sequentially.

**Stock compensation** expense of \$14.3 million in the second quarter of 2023 includes \$0.2 million of non-cash compensation expense relating to pre-IPO employee performance award units. Excluding the pre-IPO employee performance award unit expense, stock compensation expense of \$14.1 million was up 15.3% year-over-year and down 6.8% sequentially.

**Net income** in the second quarter 2023 was \$8.0 million, net income per weighted average share basic and diluted was \$0.04. Excluding the non-cash equity-based compensation cost of \$0.2 million related to the pre-IPO employee performance award units and \$0.07 million of internal payroll write offs, net income was \$8.3 million and net income per common share basic and diluted was \$0.05.

Second quarter 2023 **adjusted net income** was \$22.8 million, **adjusted net income per common share, basic and diluted** was \$0.15.

Second quarter 2023 **net cash provided by operating activities** was \$75.0 million, **Free Cash Flow** was \$66.6 million and **Adjusted EBITDA** was \$20.0 million. In the third quarter of 2023 we will settle contractual obligations to our credit card partner. The June 30th accrued partnership liability balance is \$136 million.





**CLEAR®**

Shareholder Letter  
Q2 2023

## Second Quarter 2023 Financial Discussion (Cont.)

As of June 30, 2023, our **cash and cash equivalents, marketable securities and restricted cash**, totaled \$773 million.

As of July 27, 2023, the following shares of common stock were outstanding: Class A Common Stock 88,981,932, Class B Common Stock 907,234, Class C Common Stock 36,092,191, and Class D Common Stock 25,796,690 **totaling 151,778,047 shares of common stock**.

During the three-months ended June 30, 2023, the Company used \$39 million to repurchase and retire 1,533,357 shares of its Class A Common Stock at an average price of \$25.19 representing ~1% of the beginning shares outstanding.

## Third Quarter and Full Year 2023 Guidance

We expect third quarter 2023 Revenue of \$152-\$154 million and Total Bookings of \$178-\$180 million.

In December 2022, we received Authority to Operate from the TSA for the TSA PreCheck® Enrollment Provided by CLEAR. We continue to work collaboratively with our partners at TSA as we make progress towards soft launch and public launch this year. Third quarter guidance does not include any contribution from TSA PreCheck® Enrollment Provided by CLEAR.

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





# CLEAR®

Shareholder Letter  
Q2 2023

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

	June 30, 2023	December 31, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 57,248	\$ 38,939
Marketable securities	707,769	665,810
Accounts receivable	929	1,169
Prepaid revenue share fee	19,433	17,585
Prepaid expenses and other current assets	21,166	18,097
Total current assets	806,545	741,600
Property and equipment, net	64,588	57,924
Right of use asset, net	119,001	123,880
Intangible assets, net	20,782	22,292
Goodwill	58,807	58,807
Restricted cash	8,094	29,945
Other assets	8,080	3,069
Total assets	<b>\$ 1,085,897</b>	<b>\$ 1,037,517</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 3,974	\$ 7,951
Accrued liabilities	172,163	106,070
Deferred revenue	320,629	283,452
Total current liabilities	496,766	397,473
Other long term liabilities	127,321	129,123
Total liabilities	624,087	526,596
Commitments and contingencies (Note 19)		
Class A Common Stock, \$0.00001 par value - 1,000,000,000 shares authorized; 88,975,375 shares issued and outstanding as of June 30, 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 June 30, 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; 36,092,191 shares issued and outstanding as of June 30, 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 June 30, 2023 and 25,796,690 shares issued and outstanding as of December 31, 2022	—	—
Accumulated other comprehensive loss	(1,327)	(1,529)
Treasury stock at cost, 0 shares as of June 30, 2023 and 80,505 shares as of December 31, 2022	—	—
Accumulated deficit	(103,036)	(101,797)
Additional paid-in capital	371,293	394,390
Total stockholders' equity attributable to Clear Secure, Inc.	266,931	291,065
Non-controlling interest	194,879	219,856
Total stockholders' equity	461,810	510,921
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,085,897</b>	<b>\$ 1,037,517</b>





# CLEAR®

Shareholder Letter  
Q2 2023

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) (dollars in thousands, except share and per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Revenue</b>	<b>\$ 149,871</b>	<b>\$ 102,723</b>	<b>\$ 282,227</b>	<b>\$ 193,262</b>
<b>Operating expenses:</b>				
Cost of revenue share fee	21,219	12,313	40,789	24,455
Cost of direct salaries and benefits	34,204	25,313	67,350	48,293
Research and development	22,310	14,333	44,254	29,845
Sales and marketing	10,788	11,365	20,297	19,191
General and administrative	56,144	48,193	114,222	94,119
Depreciation and amortization	4,989	4,328	10,156	8,712
<b>Operating income (loss)</b>	<b>217</b>	<b>(13,122)</b>	<b>(14,841)</b>	<b>(31,353)</b>
<b>Other income (expense):</b>				
Interest income (expense), net	7,394	187	13,786	194
Other income (expense), net	634	465	908	197
<b>Income (loss) before tax</b>	<b>8,245</b>	<b>(12,470)</b>	<b>(147)</b>	<b>(30,962)</b>
Income tax benefit (expense)	(211)	147	(92)	(155)
<b>Net income (loss)</b>	<b>8,034</b>	<b>(12,323)</b>	<b>(239)</b>	<b>(31,117)</b>
Less: net income (loss) attributable to non-controlling interests	4,023	(5,168)	974	(13,635)
<b>Net income (loss) attributable to Clear Secure, Inc.</b>	<b>\$ 4,011</b>	<b>\$ (7,155)</b>	<b>\$ (1,213)</b>	<b>\$ (17,482)</b>
<b>Net income (loss) per share of Class A Common Stock and Class B Common Stock (Note 16)</b>				
Net income (loss) per common share basic, Class A	\$ 0.04	\$ (0.09)	\$ (0.01)	\$ (0.23)
Net income (loss) per common share basic, Class B	\$ 0.04	\$ (0.09)	\$ (0.01)	\$ (0.23)
Net income (loss) per common share diluted, Class A	\$ 0.04	\$ (0.09)	\$ (0.01)	\$ (0.23)
Net income (loss) per common share diluted, Class B	\$ 0.04	\$ (0.09)	\$ (0.01)	\$ (0.23)
Weighted-average shares of Class A Common Stock outstanding, basic	89,569,933	79,420,204	89,318,481	78,053,957
Weighted-average shares of Class B Common Stock outstanding, basic	907,234	1,042,234	907,234	1,042,234
Weighted-average shares of Class A Common Stock outstanding, diluted	90,372,444	79,420,204	89,318,481	78,053,957
Weighted-average shares of Class B Common Stock outstanding, diluted	907,234	1,042,234	907,234	1,042,234



# CLEAR®

Shareholder Letter  
Q2 2023

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

	<b>Six Months Ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (239)	\$ (31,117)
Adjustments to reconcile net loss to net cash provided from operating activities:		
Depreciation of property and equipment	8,516	7,079
Amortization of intangible assets	1,640	1,634
Noncash lease expense	3,315	1,457
Impairment of assets	3,707	313
Equity-based compensation	30,937	25,436
Deferred income tax	12	(21)
Amortization of revolver loan costs	164	397
Premium amortization and (discount accretion), net on marketable securities	(7,489)	359
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable	240	2,315
Prepaid expenses and other assets	(1,849)	8,444
Prepaid revenue share fee	(1,848)	(2,759)
Accounts payable	(2,663)	1,533
Accrued and other long term liabilities	64,196	25,057
Deferred revenue	37,177	37,423
Operating lease liabilities	(54)	(1,695)
<b>Net cash provided by operating activities</b>	<b>\$ 135,762</b>	<b>\$ 75,855</b>
<b>Cash flows from investing activities:</b>		
Purchases of marketable securities	(411,650)	(341,072)
Sales of marketable securities	377,528	341,072
Purchase of strategic investment	(6,000)	—
Purchases of property and equipment	(17,790)	(15,214)
Purchase of intangible assets	(89)	(257)
<b>Net cash used in investing activities</b>	<b>\$ (58,001)</b>	<b>\$ (15,471)</b>
<b>Cash flows from financing activities:</b>		
Repurchase of Class A Common Stock	(45,097)	(297)
Payment of special dividend	(18,129)	—
Tax distribution to members	(13,929)	(36)
Debt issuance costs	(396)	—
Payment of taxes on net settled stock-based awards	(3,803)	—
<b>Net cash used in financing activities</b>	<b>\$ (81,354)</b>	<b>\$ (333)</b>
Net increase in cash, cash equivalents, and restricted cash	(3,593)	60,051
Cash, cash equivalents, and restricted cash, beginning of period	68,884	309,126
Exchange rate effect on cash and cash equivalents, and restricted cash	51	(134)
<b>Cash, cash equivalents, and restricted cash, end of period</b>	<b>\$ 65,342</b>	<b>\$ 369,043</b>
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Cash and cash equivalents	\$ 57,248	\$ 339,736
Restricted cash	8,094	29,307
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 65,342</b>	<b>\$ 369,043</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, Annual CLEAR Plus Net Member 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, 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.



## Definitions of Key Performance Indicators (Cont.)

### *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 (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.







## Non-GAAP Financial Measures (Cont.)

### ***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 Income (Loss) since we do not assume the conversion of any potentially dilutive equity instruments as the result would be antidilutive. 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 (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.*



**CLEAR®**

Shareholder Letter  
Q2 2023

## 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 and in our Quarterly Report for the fiscal quarter ended June 30, 2023. The Company disclaims any obligation to update any forward looking statements contained herein.





**CLEAR®**

Shareholder Letter  
Q2 2023

***Reconciliation from Net Income (Loss) to Adjusted EBITDA***

(In thousands)	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net income (loss)	\$ 8,034	\$ (12,323)	\$ (239)	\$ (31,117)
Income tax expense (benefit)	211	(147)	92	155
Interest (income) expense, net	(7,394)	(187)	(13,786)	(194)
Other (income) expense, net	(189)	(465)	(227)	(197)
Depreciation and amortization	4,989	4,328	10,156	8,712
Impairment on assets	74	—	3,707	—
Equity-based compensation expense	14,288	12,307	30,937	25,436
<b>Adjusted EBITDA</b>	<b>\$ 20,013</b>	<b>\$ 3,513</b>	<b>\$ 30,640</b>	<b>\$ 2,795</b>

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

(In thousands)	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net income (loss) attributable to Clear Secure, Inc.	\$ 4,011	\$ (7,155)	\$ (1,213)	\$ (17,482)
Reallocation of net income (loss) attributable to non-controlling interests	4,023	(5,168)	974	(13,635)
<b>Net income (loss)</b>	<b>8,034</b>	<b>(12,323)</b>	<b>(239)</b>	<b>(31,117)</b>
Equity-based compensation expense	14,288	12,307	30,937	25,436
Amortization of acquired intangibles	790	711	1,580	1,580
Income tax effect	(300)	(203)	(650)	(405)
<b>Adjusted Net Income (Loss)</b>	<b>\$ 22,812</b>	<b>\$ 492</b>	<b>\$ 31,628</b>	<b>\$ (4,506)</b>





# CLEAR®

Shareholder Letter  
Q2 2023

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

	Three Months Ended	
	June 30, 2023	June 30, 2022
Weighted-average number of shares outstanding, basic for Class A Common Stock	89,569,933	79,420,204
<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	36,176,257	41,892,237
Assumed weighted-average conversion of issued and outstanding Class D Common Stock	25,796,690	26,705,315
Assumed weighted-average conversion of vested and outstanding warrants	—	194,108
<b>Adjusted Weighted-Average Number of Shares Outstanding, Basic</b>	<b>152,450,114</b>	<b>149,254,098</b>
Weighted-average impact of unvested RSAs	32,111	1,213,374
Weighted-average impact of unvested RSUs	770,400	642,547
<i>Total incremental shares</i>	<b>802,511</b>	<b>1,855,921</b>
<b>Adjusted Weighted-Average Number of Shares Outstanding, Diluted</b>	<b>153,252,625</b>	<b>151,110,019</b>

	Six Months Ended	
	June 30, 2023	June 30, 2022
Weighted-average number of shares outstanding, basic for Class A Common Stock	89,318,481	78,053,957
<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	36,519,954	42,940,757
Assumed weighted-average conversion of issued and outstanding Class D Common Stock	25,796,690	26,705,365
Assumed weighted-average conversion of vested and outstanding warrants	—	178,619
<b>Adjusted Weighted-Average Number of Shares Outstanding, Basic</b>	<b>152,542,359</b>	<b>148,920,932</b>
Weighted-average impact of unvested RSAs	71,056	—
Weighted-average impact of unvested RSUs	833,560	—
<i>Total incremental shares</i>	<b>904,616</b>	—
<b>Adjusted Weighted-Average Number of Shares Outstanding, Diluted</b>	<b>153,446,975</b>	<b>148,920,932</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.



# CLEAR®

Shareholder Letter  
Q2 2023

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

	Three Months Ended	
	June 30, 2023	June 30, 2022
Adjusted Net Income in thousands	\$ 22,812	\$ 492
Adjusted Weighted-Average Number of Shares Outstanding, Basic	152,450,114	149,254,098
<b>Adjusted Net Income per Common Share, Basic</b>	<b>\$ 0.15</b>	<b>\$ 0.00</b>
	Six Months Ended	
	June 30, 2023	June 30, 2022
Adjusted Net Income (Loss) in thousands	\$ 31,628	\$ (4,506)
Adjusted Weighted-Average Number of Shares Outstanding, Basic	152,542,359	149,254,098
<b>Adjusted Net Income (Loss) per Common Share, Basic</b>	<b>\$ 0.21</b>	<b>\$ (0.03)</b>

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

	Three Months Ended	
	June 30, 2023	June 30, 2022
Adjusted Net Income in thousands	\$ 22,812	\$ 492
Adjusted Weighted-Average Number of Shares Outstanding, Diluted	153,252,625	151,110,019
<b>Adjusted Net Income per Common Share, Diluted:</b>	<b>\$ 0.15</b>	<b>\$ 0.00</b>
	Six Months Ended	
	June 30, 2023	June 30, 2022
Adjusted Net Income in thousands	\$ 31,628	\$ (4,506)
Adjusted Weighted-Average Number of Shares Outstanding, Diluted	153,446,975	149,254,098
<b>Adjusted Net Income per Common Share, Diluted:</b>	<b>\$ 0.21</b>	<b>\$ (0.03)</b>

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

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Adjusted Net Income (Loss) per Common Share, Basic	\$ 0.15	\$ 0.00	\$ 0.21	\$ (0.03)
Adjusted Net Income (Loss) per Common Share, Diluted	\$ 0.15	\$ 0.00	\$ 0.21	\$ (0.03)

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

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>(In thousands)</b>				
Net cash provided by operating activities	\$ 75,005	\$ 50,923	\$ 135,762	\$ 75,855
Purchases of property and equipment	(8,380)	(9,681)	(17,790)	(15,214)
<b>Free Cash Flow</b>	<b>\$ 66,625</b>	<b>\$ 41,242</b>	<b>\$ 117,972</b>	<b>\$ 60,641</b>



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

**Three Months Ended June 30, 2023**  
(in thousands)

	Pre-IPO employee performance awards	Warrants	Founder PSU	Employee equity-based awards	Total
Cost of direct salaries and benefits	\$ 34	\$ —	\$ —	\$ 109	\$ 143
Research and development	573	—	—	4,872	5,445
Sales and marketing	11	—	—	121	132
General and administrative	(458)	—	6,557	2,469	8,568
<b>Total equity-based compensation</b>	<b>\$ 160</b>	<b>\$ —</b>	<b>\$ 6,557</b>	<b>\$ 7,571</b>	<b>\$ 14,288</b>

**Three Months Ended June 30, 2022**  
(in thousands)

	Pre-IPO employee performance awards	Warrants	Founder PSU	Employee equity-based awards	Total
Cost of direct salaries and benefits	\$ —	\$ —	\$ —	\$ 43	\$ 43
Research and development	—	—	—	2,691	2,691
Sales and marketing	—	—	—	99	99
General and administrative	—	51	6,558	2,864	9,473
<b>Total equity-based compensation</b>	<b>\$ —</b>	<b>\$ 51</b>	<b>\$ 6,558</b>	<b>\$ 5,697</b>	<b>\$ 12,306</b>

**Six Months Ended June 30, 2023**  
(in thousands)

	Pre-IPO employee performance awards	Warrants	Founder PSU	Employee equity-based awards	Total
Cost of direct salaries and benefits	\$ 57	\$ —	\$ —	\$ 159	\$ 216
Research and development	794	—	—	9,602	10,396
Sales and marketing	(134)	—	—	165	31
General and administrative	303	623	13,042	6,325	20,293
<b>Total equity-based compensation</b>	<b>\$ 1,020</b>	<b>\$ 623</b>	<b>\$ 13,042</b>	<b>\$ 16,251</b>	<b>\$ 30,936</b>

**Six Months Ended June 30, 2022**  
(in thousands)

	Pre-IPO employee performance awards	Warrants	Founder PSU	Employee equity-based awards	Total
Cost of direct salaries and benefits	\$ —	\$ —	\$ —	\$ 137	\$ 137
Research and development	—	—	—	6,432	6,432
Sales and marketing	—	—	—	148	148
General and administrative	—	122	13,043	5,554	18,719
<b>Total equity-based compensation</b>	<b>\$ —</b>	<b>\$ 122</b>	<b>\$ 13,043</b>	<b>\$ 12,271</b>	<b>\$ 25,436</b>



# Appendix

## Non-Cash Items / COVID Credits and Founder PSU / Employee Equity-Based Awards Impact

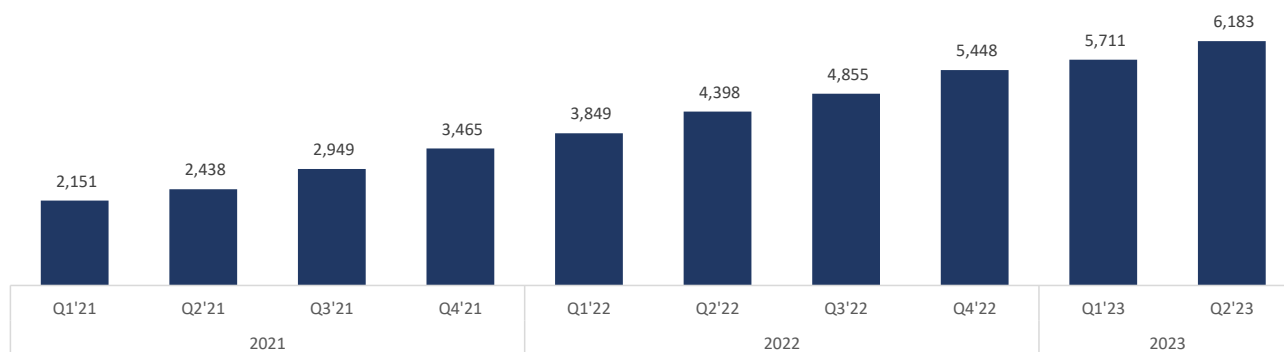
	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
<b><u>Non-Cash Items and COVID Credits (1)</u></b>						
Cost of Revenue Share Fee	-\$421	-\$1,417	-\$2,305	-\$1,160	-\$612	-\$334
Cost of Direct Salaries and Benefits	0	0	0	87	23	34
Research and Development	0	0	0	2,567	1,365	647
Sales and Marketing	0	0	0	181	-145	11
General and Administrative	70	52	58,820	23,221	3,874	-458
Depreciation and Amortization	0	0	0	0	0	0
<b>Subtotal</b>	<b>-\$351</b>	<b>-\$1,365</b>	<b>\$56,515</b>	<b>\$24,896</b>	<b>\$4,505</b>	<b>-\$100</b>
<b><u>Founder PSU and Employee Equity-Based Awards</u></b>						
Cost of Revenue Share Fee	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Direct Salaries and Benefits	93	43	21	111	50	109
Research and Development	3,741	2,691	3,926	4,645	4,730	4,872
Sales and Marketing	48	99	41	197	44	121
General and Administrative	9,177	9,421	10,244	10,850	10,340	9,026
Depreciation and Amortization	0	0	0	0	0	0
<b>Subtotal</b>	<b>\$13,059</b>	<b>\$12,254</b>	<b>\$14,232</b>	<b>\$15,803</b>	<b>\$15,164</b>	<b>\$14,128</b>

(1) Includes Pre-IPO warrant / employee performance award expenses, non-cash asset impairments, write offs, acquisition-related expenses, and non-recurring COVID-related benefits to Cost of Revenue Share Fee



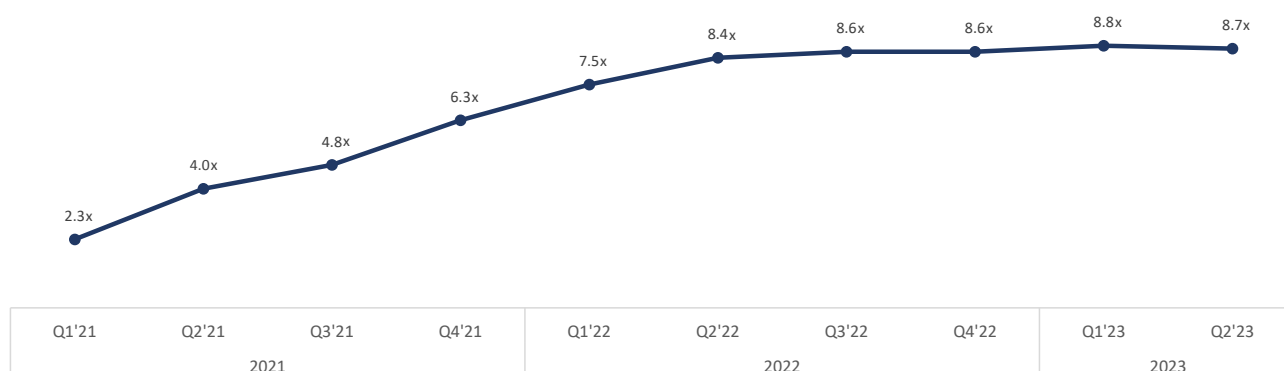
## New Quarterly KPIs

### Active CLEAR Plus Members

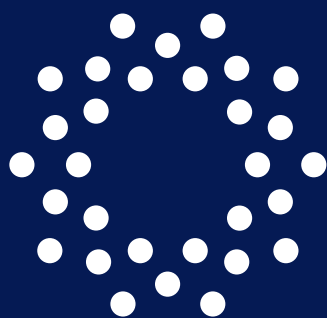


in thousands

### Annual CLEAR Plus Member Usage







**CLEAR<sup>®</sup>**