UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 001-40568

CLEAR SECURE, INC.
(Exact name of registrant as specified in its charter)

Delaware	**86-2643981**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
85 10th Avenue, 9th Floor, New York, NY	**10011**
(Address of Principal Executive Offices)	(Zip Code)

(646) 723-1404
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.00001 per share	YOU	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,”

“smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The registrant had the following outstanding shares of common stock as of May 3, 2024:

Class A Common Stock par value $0.00001 per share (the “Class A Common Stock”)	93,022,861
Class B Common Stock par value $0.00001 per share (the “Class B Common Stock”)	907,234
Class C Common Stock par value $0.00001 per share (the “Class C Common Stock”)	25,103,193
Class D Common Stock par value $0.00001 per share (the “Class D Common Stock”)	25,796,690

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CLEAR SECURE, INC.

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 (Note 17)		
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**

See notes to condensed consolidated financial statements

CLEAR SECURE, INC.

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

	Three months ended March 31, 2024	Three months ended March 31, 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 **(Note 15)**		
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

See notes to condensed consolidated financial statements

CLEAR SECURE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(dollars in thousands)

	Three months ended March 31,	
	2024	**2023**
Net income (loss)	$ 32,088	$ (8,273)
Other comprehensive income (loss)		
Currency translation	—	8
Unrealized (loss) gain on fair value of marketable securities	(2,983)	1,588
Total other comprehensive (loss) income	(2,983)	1,596
Comprehensive income (loss)	**29,105**	**(6,677)**
Less: comprehensive income (loss) attributable to non-controlling interests	12,134	(2,391)
Comprehensive income (loss) attributable to Clear Secure, Inc.	**$ 16,971**	**$ (4,286)**

See notes to condensed consolidated financial statements

CLEAR SECURE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

(dollars in thousands, except share data)

	Class A		Class B		Class C		Class D				Treasury Stock					
	Number of shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional paid in capital	Accumulated other comprehensive loss	Number of Shares	Amount	Accumulated deficit	Total stockholders' equity attributable to Clear Secure, Inc.	Non-controlling Interest	Total stockholders' equity
Balance, January 1, 2024	**91,786,941**	**$ 1**	**907,234**	**$ —**	**32,234,914**	**$ —**	**25,796,690**	**$ —**	**$ 304,992**	**$ 2,050**	**—**	**$ —**	**$ (73,714)**	**$ 233,329**	**$ 135,895**	**369,224**
Net income	—	—	—	—	—	—	—	—	—	—	—	—	18,806	18,806	13,282	32,088
Other comprehensive income	—	—	—	—	—	—	—	—	—	(1,835)	—	—	—	(1,835)	(1,148)	(2,983)
Equity-based compensation expense, net of forfeitures	—	—	—	—	—	—	—	—	6,684	—	—	—	—	6,684	4,185	10,869
Net share settlements of stock-based awards	183,167	—	—	—	—	—	—	—	(1,298)	—	—	—	—	(1,298)	(812)	(2,110)
Distribution to members	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(10,564)	(10,564)
Tax distribution to members	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,558)	(4,558)
Exchange of shares	1,625,803	—	—	—	(1,625,803)	—	—	—	3	—	—	—	—	3	(3)	—
Dividends	—	—	—	—	—	—	—	—	(37,309)	—	—	—	—	(37,309)	—	(37,309)
Repurchase and retirement of Class A Common Stock	(4,416,759)	—	—	—	—	—	—	—	(52,514)	—	—	—	—	(52,514)	(32,868)	(85,382)
Balance, March 31, 2024	**89,179,152**	**$ 1**	**907,234**	**$ —**	**30,609,111**	**$ —**	**25,796,690**	**$ —**	**$ 220,558**	**$ 215**	**—**	**$ —**	**$ (54,908)**	**$ 165,866**	**$ 103,409**	**$ 269,275**

	Class A		Class B		Class C		Class D				Treasury Stock					
	Number of shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional paid in capital	Accumulated other comprehensive loss	Number of Shares	Amount	Accumulated deficit	Total stockholders' equity attributable to Clear Secure, Inc.	Non-controlling Interest	Total stockholders' equity
Balance, January 1, 2023	**87,760,831**	**$ 1**	**907,234**	**$ —**	**38,290,964**	**$ —**	**25,796,690**	**$ —**	**$ 394,390**	**$ (1,529)**	**80,505**	**$ —**	**$ (101,797)**	**$ 291,065**	**$ 219,856**	**$ 510,921**
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(5,224)	(5,224)	(3,049)	(8,273)
Other comprehensive income	—	—	—	—	—	—	—	—	—	938	—	—	—	938	658	1,596
Equity-based compensation expense, net of forfeitures	(3,079)	—	—	—	—	—	—	—	10,151	—	3,079	—	—	10,151	6,257	16,408
Net share settlements of stock-based awards	155,049	—	—	—	—	—	—	—	(946)	—	(83,584)	—	—	(946)	(1,462)	(2,408)
Warrant expense	—	—	—	—	—	—	—	—	366	—	—	—	—	366	257	623
Exercise of warrants	534,655	—	—	—	—	—	—	—	1,615	—	—	—	—	1,615	(1,615)	—
Tax distribution to members	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(13,886)	(13,886)
Exchange of shares	2,048,773	—	—	—	(2,048,773)	—	—	—	6,189	—	—	—	—	6,189	(6,189)	—
Repurchase and retirement of Class A Common Stock	(281,838)	—	—	—	—	—	—	—	(7,380)	—	—	—	—	(7,380)	911	(6,469)
Balance, March 31, 2023	**90,214,391**	**$ 1**	**907,234**	**$ —**	**36,242,191**	**$ —**	**25,796,690**	**$ —**	**$ 404,385**	**$ (591)**	**—**	**$ —**	**$ (107,021)**	**$ 296,774**	**$ 201,738**	**$ 498,512**

See notes to condensed consolidated financial statements

CLEAR SECURE, INC.

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)
Changes in operating assets and liabilities:		
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**

See notes to condensed consolidated financial statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in thousands, except for share and per share data, unless otherwise noted)

1. Description of Business and Recent Accounting Developments

Description and Organization

Clear Secure, Inc. (the "Company" and together with its consolidated subsidiaries, "CLEAR," "we," "us," "our") is a holding company and its principal asset is the controlling equity interest in Alclear Holdings, LLC ("Alclear"). In connection with the Company's reorganization (the "Reorganization") completed prior to the completion of its initial public offering ("IPO"), Alclear was formed as a Delaware limited liability company on January 21, 2010 and operates under the terms of the Second Amended and Restated Operating Agreement dated June 7, 2023 (the "Operating Agreement"). As the sole managing member of Alclear, the Company operates and controls all of the business and affairs of Alclear, and through Alclear and its subsidiaries, conducts the Company's business.

The Company operates a secure identity platform under the brand name CLEAR primarily in the United States. CLEAR's current offerings include: CLEAR Plus, a consumer aviation subscription service, which enables access to predictable and fast experiences through dedicated entry lanes in airport security checkpoints within our nationwide network of 57 airports (as of the date of this filing); TSA PreCheck® Enrollment Provided by CLEAR, which offers consumers increased choice in how and where to sign up for this popular trusted traveler program; CLEAR Verified, our B2B offering, which enables our partners to leverage our digital identity technology and reusable member network to facilitate secure and frictionless experiences digitally and physically via our software development kits and application programming interfaces; and our free flagship CLEAR app, which offers consumer products like Home-to-Gate, RESERVE *Powered by* CLEAR, our virtual queuing technology that enables customers to prebook a spot in airport security line so they don't have to wait.

2. Basis of Presentation and Summary of Significant Accounting Policies

These condensed consolidated financial statements have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments consisting only of normal recurring adjustments necessary for a fair presentation have been reflected in these condensed consolidated financial statements. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2024.

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts that are reported in the condensed consolidated financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may differ from those estimates.

These condensed consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "2023 Form 10-K").

The condensed consolidated financial statements are presented in US Dollars, which is the Company's reporting currency.

Recently Adopted Accounting Pronouncements

The Company adopted all applicable standards effective as of December 31, 2023, within these condensed consolidated financial statements. There was no material impact as a result. There are no newly issued standards since December 31, 2023 that are applicable to the Company.

(dollars in thousands, except for share and per share data, unless otherwise noted)

3. Revenue

The Company derives substantially all of its revenue from subscriptions to its consumer aviation service, CLEAR Plus. For the three months ended March 31, 2024 and 2023, no individual airport accounted for more than 10% of membership revenue.

Revenue by Geography

For the three months ended March 31, 2024 and 2023, substantially all of the Company's revenue was generated in the United States.

Contract liabilities and assets

The Company's deferred revenue balance primarily relates to amounts received from customers for subscriptions paid in advance of the services being provided that will be earned within the next twelve months. The following table presents changes in the deferred revenue balance for the three months ended March 31, 2024.

		2024
Balance as of January 1	$	376,253
Deferral of revenue		179,386
Recognition of deferred revenue		(177,879)
Balance as of March 31	**$**	**377,760**

The Company has obligations for refunds and other similar items of $3,070 as of March 31, 2024 recorded within accrued liabilities.

During the three months ended March 31, 2024 and 2023, the Company recognized154,830 and $111,137, respectively, of revenue which was included in the opening deferred revenue balances.

4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets as of March 31, 2024 and December 31, 2023 consist of the following:

		March 31, 2024		December 31, 2023
Prepaid software licenses	$	10,489	$	10,306
Coronavirus aid, relief, and economic security act retention credit		—		1,002
Prepaid insurance costs		1,109		1,946
Other current assets		8,992		8,755
Total	**$**	**20,590**	**$**	**22,009**

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") is intended to provide economic relief resulting from the COVID-19 pandemic which includes, but is not limited to, employment related costs. The Company no longer expects to receive the remainder of the balance in the next twelve months. As such, the Company recorded a reclass of this balance to Other assets. Refer to Note 10 for the reclassed balance.

5. Fair Value Measurements

The Company values its available-for-sale securities and certain liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

(dollars in thousands, except for share and per share data, unless otherwise noted)

Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3 – Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs to the extent possible. In addition, the Company considers counterparty credit risk in its assessment of fair value.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for certain assets and liabilities measured at fair value, which are not considered Level 1 items.

Corporate bonds – Valued at the closing price reported on the active market on which the individual securities, all of which have counterparts with high credit ratings, are traded.

Commercial paper – Value is based on yields currently available on comparable securities of issuers with similar credit ratings.

Money market funds – Valued at the net asset value ("NAV") of units of a collective fund. The NAV is used as a practical expedient to estimate fair value. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The contractual maturities of investments classified as marketable securities are as follows:

	March 31, 2024	December 31, 2023
Due within 1 year	$ 441,293	$ 439,155
Due after 1 year through 2 years	193,034	226,042
Total marketable securities	**$ 634,327**	**$ 665,197**

The following table represents the amortized cost, gross unrealized gains and losses, and fair market value of the Company's marketable securities by significant investment category in addition to their fair value level at March 31, 2024 and December 31, 2023.

(dollars in thousands, except for share and per share data, unless otherwise noted)

	As of March 31, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Level
Commercial paper	$ 25,496	$ 1	$ (33)	$ 25,464	2
U.S. Treasuries	308,292	956	(408)	308,840	1
Corporate bonds	288,772	320	(785)	288,307	2
Money market funds measured at NAV (a)	11,716	—	—	11,716	N/A
Total marketable securities	**$ 634,276**	**$ 1,277**	**$ (1,226)**	**$ 634,327**	

	As of December 31, 2023				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Level
Commercial paper	$ 42,903	$ 16	$ (24)	$ 42,895	2
U.S. Treasuries	324,274	2,896	(257)	326,913	1
Corporate bonds	294,540	969	(564)	294,945	2
Money market funds measured at NAV (a)	444	—	—	444	N/A
Total marketable securities	**$ 662,161**	**$ 3,881**	**$ (845)**	**$ 665,197**	

(a) Money market funds that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the condensed consolidated balance sheets.

Of the total marketable securities held at fair value as of March 31, 2024, $104,041 was in a continuous unrealized loss position for 12 months or longer. The Company had no continuous unrealized loss positions in relation to marketable securities as of March 31, 2024 or December 31, 2023 that were as a result of credit deterioration. For the periods presented the Company does not intend to nor will it be required to sell any securities before recovery of their amortized cost bases.

For certain other financial instruments, including accounts receivable, accounts payable, accrued liabilities, as well as other current liabilities, the carrying amounts approximate the fair value of such instruments due to the short maturity of these balances.

6. Property and Equipment, net

Property and equipment as of March 31, 2024 and December 31, 2023 consist of the following:

	Depreciation period in years	March 31, 2024	December 31, 2023
Internally developed software	3 - 5	$ 65,139	$ 62,306
Acquired software	3	6,441	6,539
Equipment	5	34,093	33,624
Leasehold improvements	1 - 15	9,089	9,113
Furniture and fixtures	5	12,706	12,709
Construction in progress		8,150	8,672
Total property and equipment, cost		135,618	132,963
Less: accumulated depreciation		(75,491)	(70,352)
Total property and equipment, net		**$ 60,127**	**$ 62,611**

Depreciation and amortization expense related to property and equipment for the three months ended March 31, 2024 and 2023 was $5,168 and $4,345, respectively.

(dollars in thousands, except for share and per share data, unless otherwise noted)

During the three months ended March 31, 2024 and 2023, $1,827 and $3,154, respectively, was capitalized in connection with internally developed software inclusive of $204 and $382, respectively, of equity-based compensation. Amortization expense on internally developed software was $3,162 and $1,751 for the three months ended March 31, 2024 and 2023, respectively.

During the three months ended March 31, 2024 and 2023, the Company recognized impairment charges of none and $2,127, respectively, on certain long-lived assets.

Purchases of property and equipment with unpaid costs in accounts payable and accrued liabilities as of March 31, 2024 were $225 and $300, respectively, and $2,101 and $6,122 as of March 31, 2023, respectively.

7. Leases

Cash paid for amounts included in the measurement of operating lease liabilities for the three months ended March 31, 2024 and 2023 was $1,732 and $1,082 respectively.

During the three months ended March 31, 2023, the Company entered into a sublease agreement whereby the Company will continue to be a lessee under the original operating lease but will act as a sublessor. The Company recorded $1,506 of impairment to its right of use asset within general and administrative in the condensed consolidated statements of operations. Sublease income is recorded within other income (expense), net within the condensed consolidated statements of operations. The Company had $444 and $235 sublease income for the three months ended March 31, 2024 and 2023, respectively.

8. Intangible Assets, net

See below for Intangible assets, net as of March 31, 2024 and December 31, 2023:

	Weighted Average Useful Life in Years	March 31, 2024	December 31, 2023
Patents	20.0	$ 3,493	$ 3,312
Acquired intangibles - technology	3.0	5,130	5,130
Acquired intangibles - customer relationships	10.8	18,370	18,370
Acquired intangibles - brand names	5.0	500	500
Indefinite lived intangible assets		310	310
Total intangible assets, cost		27,803	27,622
Less: accumulated amortization		(7,720)	(6,797)
Intangible assets, net		**$ 20,083**	**$ 20,825**

Amortization expense on intangible assets for the three months ended March 31, 2024 and 2023 was $924 and $822, respectively. The Company did not recognize any impairment charges on intangible assets, net for any periods presented.

9. Restricted Cash

As of March 31, 2024 and December 31, 2023, the Company maintained bank deposits of $3,590 and $4,501, respectively, which were primarily pledged as collateral for long-term letters of credit issued in favor of airports, in connection with the Company's obligations under revenue share agreements.

10. Other Assets

Other assets consist of the following of March 31, 2024 and December 31, 2023:

(dollars in thousands, except for share and per share data, unless otherwise noted)

	March 31, 2024	December 31, 2023
Security deposits	$ 280	$ 273
Loan fees	165	198
Certificates of deposit	459	459
Coronavirus aid, relief, and economic security act retention credit	1,002	—
Strategic investment	7,000	6,000
Other long-term assets	3,673	1,477
Total	**$ 12,579**	**$ 8,407**

During the three months ended March 31, 2024, the Company made an incremental strategic investment in equity securities of a privately held company, which the Company previously invested in during three months ended March 31, 2023. As the investment does not have a readily determinable fair value, the Company elected the measurement alternative to record the investment at initial cost less impairments, if any, adjusted for observable changes in fair value for identical or similar investments of the same issuer. Adjustments resulting from these fluctuations are recorded within other income (expense) on the Company's condensed consolidated statements of operations.

During the three months ended March 31, 2024 and 2023, there were no fair value adjustments recorded by the Company in relation to its strategic investment.

11. Accrued Liabilities and Other Long Term Liabilities

Accrued liabilities consist of the following as of March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Accrued compensation and benefits	$ 14,405	$ 18,690
Accrued partnership liabilities	138,521	96,284
Lease liability	5,823	5,727
Other accrued liabilities	81,202	43,314
Total	**$ 239,951**	**$ 164,015**

The Company has estimated accrued partnership liabilities related to a portion of merchant credit card benefits that it expects to settle in the second half of the current year. Other accrued liabilities is inclusive of $58,578 and $20,690 accrued dividends and distributions as of March 31, 2024 and December 31, 2023, respectively.

Other long term liabilities consist of the following as of March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Deferred tax liability	$ 1,766	$ 1,711
Lease liability	120,193	121,655
Other accrued liabilities	1,030	370
Total	**$ 122,989**	**$ 123,736**

12. Warrants

In January 2023, the Company recognized $1,038 of the remaining expense related to the 534,655 fully vested United Airlines warrants. These warrants were exercised for shares of the Company's Class A Common Stock in a cashless exercise with an intrinsic value of $16,136. The existing warrant agreement with United Airlines expired in the first quarter of 2023.

(dollars in thousands, except for share and per share data, unless otherwise noted)

The following warrants remained outstanding as of March 31, 2024:

	Number of Warrants	Weighted-Average Exercise Price	Weighted average Remaining Contractual Term (years)
Exercisable for Alclear Units	773,934	$ 0.01	0.46

All outstanding warrants are subject to certain performance-based vesting criteria which the Company evaluates at each reporting period to determine the likelihood of achievement.

Based on the probability of vesting, the Company recorded net none and $623 for the three months ended March 31, 2024 and 2023, respectively, within general and administrative expense in the condensed consolidated statements of operations.

13. Stockholders' Equity

Common Stock

The Company has and will issue shares of its common stock as a result of transactions in relation to warrant exercises, exchanges, and vesting of restricted stock units ("RSUs").

Treasury Stock

Historically, the Company's treasury stock consisted of forfeited Restricted Stock Awards ("RSAs") that were legally issued shares held by the Company, and recorded at par value, as well as any shares repurchased under the Company's share repurchase program that are not retired by the Company's board of directors (the "Board"). As of March 31, 2024, all RSAs have been either vested or forfeited. The Company's treasury stock can be utilized to settle equity-based compensation awards issued by the Company and is excluded from the calculation of the non-controlling interest ownership percentage.

Share Repurchases

During the three months ended March 31, 2024, the Company repurchased and retired 4,416,759 shares of its Class A Common Stock for $84,891 at an average price of $19.22. As of March 31, 2024, $140,688 remains available under the repurchase authorization.

The Inflation Reduction Act created an excise tax of 1% on the fair market value of net stock repurchases made after December 31, 2022. During the three months ended March 31, 2024, the Company recorded a $491 accrual related to this tax within its condensed consolidated financial statements. Refer to Note 16 for further information regarding the Inflation Reduction Act.

Quarterly Dividend

On August 2, 2023, the Company announced that its Board adopted a dividend policy (the "Dividend Policy") of paying a quarterly cash dividend to holders of Class A Common Stock and Class B Common Stock. The amount of such quarterly dividends is subject to approval of the actual amount by the Board at the time of such dividend declaration. It is expected that the dividends will be funded by proportionate cash distributions by Alclear to all of its members as of the applicable record date, including holders of non-controlling interests in Alclear and the Company. The declaration of cash dividends in the future is subject to final determination each quarter by the Board based on a number of factors, including the Company's results of operations, cash flows, financial position and capital requirements, as well as general business conditions, legal, tax and regulatory restrictions and other factors the Board deems relevant at the time it determines to declare such dividends.

(dollars in thousands, except for share and per share data, unless otherwise noted)

On February 15, 2024, the Company announced that its Board declared a quarterly dividend of $0.09 per share, payable on March 5, 2024 to holders of record of Class A Common Stock and Class B Common Stock as of the close of business on February 26, 2024.

On March 21, 2024, the Company announced the declaration of a special cash dividend in the amount of $0.32 per share payable on April 8, 2024 to holders of record of the Class A Common Stock and Class B Common Stock as of the close of business on April 1, 2024. The Company accrued for this payment as of March 31, 2024. Refer to Note 11 for the accrued balance and Note 21 for additional information.

To the extent the quarterly or special dividends exceed the Company's current and accumulated earnings and profits, a portion of such dividends may be deemed a return of capital gain to the holders of our Class A Common Stock or Class B Common Stock, as applicable.

Non-Controlling Interest

The non-controlling interest balance represents the economic interest in Alclear held by our co-founders, Caryn Seidman Becker and Kenneth Cornick (the "Co-Founders"), and members of Alclear. The following table summarizes the ownership of non-voting common units of Alclear ("Alclear Units") as of March 31, 2024:

	Alclear Units	Ownership Percentage
Alclear Units held by Alclear post-reorganization members (other than the Co-Founders and Clear Secure, Inc.)	30,609,111	20.89 %
Alclear Units held by the Co-Founders	25,796,690	17.61 %
Total	**56,405,801**	**38.50 %**

The non-controlling interest holders have the right to exchange Alclear Units, together with a corresponding number of shares of Class C Common Stock for Class A Common Stock or Class D Common Stock for Class B Common Stock. As such, exchanges by non-controlling interest holders will result in a change in ownership and reduce the amount recorded as non-controlling interest and increase Class A Common Stock or B Common Stock and additional paid-in-capital for the Company. Upon the issuance of shares Class A Common Stock or B Common Stock, the Company issues a proportionate number of Alclear Units in conjunction with the terms of the Reorganization.

During the three months ended March 31, 2024, certain non-controlling interest holders exchanged their Alclear Units and corresponding shares of Class C Common Stock for shares of the Company's Class A Common Stock. As a result, the Company issued 1,625,803 shares of Class A Common Stock.

The non-controlling interest ownership percentage changed from 38.51% as of December 31, 2023 to 38.50% as of March 31, 2024.

14. Incentive Plans

2021 Omnibus Incentive Plan

The Clear Secure, Inc 2021 Omnibus Incentive Plan ("2021 Omnibus Incentive Plan") became effective on June 29, 2021 to provide grants of equity-based awards to the employees, consultants, and directors of the Company and its affiliates.

The 2021 Omnibus Incentive Plan authorized the issuance of up to 20,000,000 shares of Class A Common Stock as of the date of the Reorganization. The 2021 Omnibus Incentive Plan authorized the issuance of shares pursuant to the grant, settlement or exercise of RSUs, RSAs, stock options and other share-based awards. Beginning with the first business day of each calendar year beginning in 2022 through 2031, the number of shares available will increase in an amount up to 5% of the total number of common shares outstanding (assuming exchange and/or conversion of all classes of common shares into Class

(dollars in thousands, except for share and per share data, unless otherwise noted)

A Common Stock) as of the last day of the immediately preceding year or a lesser amount approved by the Board or its compensation committee, so long as the total share reserve available for future awards at the time is not more than 12% of common shares outstanding (assuming exchange and/or conversion of all classes of common shares into Class A common stock). For fiscal year 2023, the Compensation Committee of the Board approved no increase in the 2021 Omnibus Incentive Plan, which such increase would have been effective on the first business day of 2023.

Restricted Stock Units

RSUs are subject to both service-based and, in some cases, performance-based vesting conditions. RSUs will vest on a specified date, provided the applicable service (generally three years) and, if applicable, when certain performance conditions are probable of satisfaction. The RSUs with performance-based vesting conditions are subject to long-term revenue and cash-basis earnings performance hurdles. The Company determines the fair value of each RSU based on the grant date and records the expense over the vesting period or requisite service period on a straight-line basis and for performance-based vesting awards, whether they are probable or not.

The following is a summary of activity related to the RSUs associated with compensation arrangements during the three months ended March 31, 2024:

	RSU's	Weighted-Average Grant-Date Fair Value
Unvested balance as of January 1, 2024	3,897,957	$ 24.85
Granted	1,079,232	18.61
Vested	(294,056)	24.26
Forfeited	(241,798)	26.37
Unvested balance as of March 31, 2024	**4,441,335**	**$ 23.50**

Below is the compensation expense recognized related to the RSUs:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Cost of direct salaries and benefits	$ 126	$ 73
Research and development	3,553	4,950
Sales and marketing	232	(101)
General and administrative	3,764	4,612
Total	**$ 7,675**	**$ 9,534**

As of March 31, 2024, estimated unrecognized expense for RSUs that are probable of vesting was $65,657 with such expense to be recognized over a weighted-average period of approximately 2.27 years.

Founder PSUs

During June 2021, the Company established a long-term incentive compensation plan for the Co-Founders, which consists of performance restricted stock-unit awards (the "Founder PSUs"), that will be settled in shares of Class A Common Stock pursuant to the 2021 Omnibus Incentive Plan, subject to the satisfaction of both service and market based vesting conditions.

The grant date fair value for the Founder PSUs was determined by a Monte Carlo simulation and discounted by the risk-free rate on the grant date and an expected volatility of 45%. The Founder PSUs are estimated to vest over a five year period, based on the achievement of specified price hurdles of the Company's Class A Common Stock. The specified price hurdles of the Company's Class A Common Stock will be measured on the volume-weighted average price per share for the trailing days during any 180 day period that ends within the applicable measurement period. In June 2021, the Company granted 4,208,617 Founder PSUs at a weighted average grant date fair value of $16.54. The Company records the expense related to these awards within general and administrative in the condensed consolidated statements of operations.

(dollars in thousands, except for share and per share data, unless otherwise noted)

As of March 31, 2024, estimated unrecognized expense for Founder PSUs was $7,110 with such expense to be recognized over a weighted-average period of approximately 0.52 years.

Below is a summary of total compensation expense recorded in relation to the Company's incentive plans:

	Three months ended March 31,	
	2024	2023
RSAs	$ —	$ 7
RSUs	7,675	9,534
Founder PSUs	2,990	6,485
Total	**$ 10,665**	**$ 16,026**

	Three months ended March 31,	
	2024	2023
Cost of direct salaries and benefits	$ 126	$ 73
Research and development	3,553	4,952
Sales and marketing	232	(101)
General and administrative	6,754	11,102
Total	**$ 10,665**	**$ 16,026**

15. Net Income (Loss) per Common Share

Below is the calculation of basic and diluted net loss per common share:

	Three Months Ended March 31, 2024	
	Class A	Class B
Basic:		
Net income attributable to Clear Secure, Inc.	$ 18,622	$ 184
Weighted-average number of shares outstanding, basic	91,831,639	907,234
Net income per common share, basic:	**$ 0.20**	**$ 0.20**
Diluted:		
Net income attributable to Clear Secure, Inc. used to calculate net income per common share, basic	$ 18,622	$ 184
Add: reallocation of net income (loss) to Clear Secure, Inc. to reflect dilutive impact	57	(1)
Net income attributable to Clear Secure, Inc. used to calculate net loss per common share, diluted	18,679	183
Weighted-average number of shares outstanding used to calculate net income per common share, basic	91,831,639	907,234
Effect of dilutive shares	674,469	—
Weighted-average number of shares outstanding, diluted	92,506,108	907,234
Net income per common share, diluted:	**$ 0.20**	**$ 0.20**

(dollars in thousands, except for share and per share data, unless otherwise noted)

	Three Months Ended March 31, 2023	
	Class A	Class B
Basic:		
Net loss attributable to Clear Secure, Inc.	$ (5,173)	$ (51)
Weighted-average number of shares outstanding, basic	89,555,385	907,234
Weighted-average vested warrants	59,406	—
Weighted-average number of shares outstanding used to calculate net loss per common share, basic	89,614,791	907,234
Net loss per common share, basic:	**$ (0.06)**	**$ (0.06)**
Diluted:		
Net loss attributable to Clear Secure, Inc. used to calculate net loss per common share, basic	$ (5,173)	$ (51)
Weighted-average number of shares outstanding used to calculate net loss per common share, basic	89,614,791	907,234
Effect of dilutive shares	—	—
Weighted-average number of shares outstanding, diluted	89,614,791	907,234
Net loss per common share, diluted:	**$ (0.06)**	**$ (0.06)**

After evaluating the potential dilutive effect under the if-converted method, the outstanding Alclear Units for the assumed exchange of non-controlling interests were determined to be anti-dilutive and thus were excluded from the computation of diluted earnings per share.

The following tables present potentially dilutive securities excluded from the computations of diluted earnings (loss) per share of Class A and Class B common stock for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31, 2024	
	Class A	Class B
Exchangeable Alclear Units	30,609,111	25,796,690
RSU’s	823,456	—
Total	**31,432,567**	**25,796,690**

	Three Months Ended March 31, 2023	
	Class A	Class B
Exchangeable Alclear Units	36,242,191	25,796,690
RSA’s	60,044	—
RSU’s	4,094,124	—
Total	**40,396,359**	**25,796,690**

For the three months ended March 31, 2024, the Company has excluded4,824,090 potentially dilutive shares from the tables above as they had performance conditions that were not achieved as of the end of the periods above.

16. Income Taxes

As a result of the IPO and Reorganization, the Company became the sole managing member of Alclear, which is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, Alclear is generally not subject to U.S. federal and most state and local income taxes. Any taxable income or loss generated by Alclear is passed through to and included in the taxable income or loss of its members, including us, on a pro rata basis. The Company is subject to U.S. federal income taxes, in addition to state and local income taxes with respect to our allocable share of any taxable income or loss of Alclear, as well as any stand-alone income or loss generated by the Company. The Company is also subject to income taxes in Israel, Argentina, and Mexico.

The Company reported a tax expense of $1,965 on a pretax income of $34,053 for the three months ended March 31, 2024 as compared to a tax benefit of $119 on a pretax loss of $8,392 for the three months ended March 31, 2023. This resulted in an effective tax rate of 5.8% for the three months ended March 31, 2024 as compared to 1.4% percent for the three months ended March 31, 2023. The Company's effective tax rate differs from the statutory rate primarily due to the following: (1) the impact of Alclear being a partnership and allocating its taxable results to its non-controlling members, (2) movement in valuation allowance, (3) foreign taxes, and (4) the impact of U.S. federal and state taxes in excess of applicable tax attributes (e.g., net operating losses and general business tax credits). The Company paid $130 in estimated income taxes for the three months ended March 31, 2024.

The Company is subject to income taxes in the U.S. and its territories, Israel, Argentina, and Mexico. The statute of limitations for adjustments to our historic tax obligations will vary from jurisdiction to jurisdiction. The tax years for U.S. federal and state income tax purposes open for examination are for the years ending December 31, 2018 and forward. The tax years for foreign jurisdictions open for examination are for the years ending December 31, 2019 and forward.

Recent U.S. Tax Legislation

On August 16, 2022, President Biden signed into law the Inflation Reduction Act. The Inflation Reduction Act creates a 15% corporate alternative minimum tax on profit of corporations whose average annual adjusted financial statement income for any consecutive three-tax-year period preceding the tax year exceeds $1 billion and is effective for tax years beginning after December 31, 2022. The Company does not currently expect this provision to have a material impact on the condensed consolidated financial statements for the three months ended March 31, 2024. Additionally, the Inflation Reduction Act creates an excise tax of 1% on the fair market value of net stock repurchases made after December 31, 2022. During the three months ended March 31, 2024, the Company repurchased 4,416,759 shares of its Class A Common Stock and recorded a liability of $491 related to 1% excise tax on the fair market value of net stock repurchases made as of March 31, 2024.

Tax Receivable Agreement

In connection with the IPO, the Company entered into a Tax Receivable Agreement (“TRA”), which generally provides for payment by the Company to the remaining members of Alclear of 85% of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax that Clear Secure, Inc. actually realizes or is deemed to realize as a result of (i) any increase in tax basis in Alclear’s assets resulting from (a) exchanges by the post-IPO members of Alclear (the “Alclear Members”) (or their transferees or other assignees) of Alclear Units (along with the corresponding shares of our Class C Common Stock or Class D Common Stock, as applicable) for shares of the Company’s Class A Common Stock or Class B Common Stock, as applicable, and purchases of Alclear Units and corresponding shares of Class C Common Stock or Class D Common Stock, as the case may be, from the Alclear Members (or their transferees or other assignees) or (b) payments under the TRA, and (ii) tax benefits related to imputed interest deemed arising as a result of payments made under the TRA. The Company will retain the benefit of the remaining 15% of these net cash savings.

The TRA liability is calculated by determining the tax basis subject to TRA (“tax basis”) and applying a blended tax rate to the basis differences and calculating the iterative impact. The blended tax rate consists of the U.S. federal income tax rate and an assumed combined state and local income tax rate driven by the apportionment factors applicable to each state. Subsequent changes to the measurement of the TRA liability are recognized in the condensed consolidated statements of operations as a component of other income (expense), net.

The Company expects to obtain an increase in the share of the tax basis of its share of the assets of Alclear when Alclear Units are redeemed or exchanged by Alclear Members and other qualifying transactions. This increase in tax basis may have the effect of reducing the amounts that the Company would otherwise pay in the future to various tax authorities. The increase in tax basis may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

During the three months ended March 31, 2024, the Company issued 1,625,803 shares of Class A Common Stock to certain non-controlling interest holders who exchanged their Alclear Units. Refer to Note 13 for further details. These exchanges resulted in a tax basis increase subject to the provisions of the TRA. The recognition of the Company's liability under the tax receivable agreement mirrors the recognition related to its deferred tax assets. As of March 31, 2024, the Company has not recognized the deferred tax asset for the step-up in tax basis, as the asset is not more-likely-than-not to be realized. Additionally, as of March 31, 2024, the Company has determined the TRA liability is not probable and therefore has not recorded a tax receivable liability that, if recorded, would be approximately $96,890.

(dollars in thousands, except for share and per share data, unless otherwise noted)

Tax Distributions

The members of Alclear, including Clear Secure, Inc., incur U.S. federal, state and local income taxes on their share of any taxable income of Alclear. The Operating Agreement provides for pro rata cash distributions ("tax distributions") to the holders of the Alclear Units in an amount generally calculated to provide each member of Alclear with sufficient cash to cover its tax liability in respect of the taxable income of Alclear allocable to them. In general, these tax distributions are computed based on Alclear's estimated taxable income, multiplied by an assumed tax rate as set forth in the Operating Agreement.

During the three months ended March 31, 2024, Alclear recorded a liability of $3,573 related to tax distributions to non-controlling interest holders which was subsequently paid in full in April 2024.

17. Commitments and Contingencies

Litigation

From time to time, the Company is involved in various legal proceedings arising in the ordinary course of business. The Company records a liability when it believes that it is probable that a loss will be incurred and the amount of loss or range of loss can be reasonably estimated. Based on the currently available information, the Company does not believe that there are claims or legal proceedings that would have a material adverse effect on the business, or the condensed consolidated financial statements of the Company.

Commitments other than leases

The Company is subject to minimum spend commitments of $1,229 over the next one year under certain service arrangements.

In conjunction with the Company's revenue share agreements with the airports, certain agreements contain minimum annual contracted fees.These future minimum payments are as follows as of March 31, 2024:

2024	$ 17,860
2025	19,414
2026	10,339
2027	9,279
2028	8,062
Thereafter	1,230
Total	**$ 66,184**

The Company has commitments for future marketing expenditures to sports stadiums of $7,415 through 2027. For the three months ended March 31, 2024 and 2023, marketing expenses related to sports stadiums were approximately $1,249 and $1,269, respectively.

18. Related Party Transactions

As of March 31, 2024, and December 31, 2023, the Company had total payables to certain related parties of $3,246 and $3,508, respectively.

For the three months ended March 31, 2024 and 2023, the Company recorded $3,237 and $2,851, respectively, in cost of revenue share fee within the condensed consolidated statements of operations, in connection with certain related parties.

Refer to Note 16 for information regarding the TRA liability.

19. Employee Benefit Plan

The Company has a 401(k) retirement, savings and investment plan (the “401(k) Plan”). Participants make contributions to the 401(k) Plan in varying amounts, up to the maximum limits allowable under the Internal Revenue Code. For the three months ended March 31, 2024 and 2023, the Company recorded expense of $902 and $842, respectively, within the condensed consolidated statements of operations.

20. Debt

In March 2020, the Company entered into a credit agreement for a three-year $50,000 revolving credit facility, with a group of lenders. In April 2021, the Company entered into Amendment No. 1 to the Credit Agreement that increased the commitments under the revolving credit facility to $100,000, which extended the maturity date to March 31, 2024. The revolving credit facility includes a letter of credit sub-facility. In June 2023, the Company entered into Amendment No. 2 to the Credit Agreement to transition from London Interbank Offered Rate to the Secured Overnight Financing Rate ("SOFR") as our benchmark interest rate and to extend the maturity date to June 28, 2026. The line of credit has not been drawn against as of March 31, 2024. Prepaid loan fees related to this facility are capitalized and amortized over the remaining term of the credit agreement. The balance expected to be amortized within twelve months from the balance sheet date is presented within Prepaid and other current assets on the condensed consolidated balance sheets, while the long term portion is presented within Other assets in the condensed consolidated balance sheets.

The Company incurred $396 of debt issuance costs in connection to Amendment No. 2 to the Credit Agreement. As of March 31, 2024 and December 31, 2023, the balance of these loan fees were $312 and $419, respectively.

The Credit Agreement contains customary terms and conditions, including limitations on consolidations, mergers, indebtedness, and certain payments, as well as a financial covenant relating to leverage. Borrowings under the Credit Agreement generally will bear a floating interest rate per year and will also include interest based on the greater of the prime rate, SOFR, or New York Federal Reserve Bank (NYFRB) rate, plus an applicable margin for specific interest periods.

As of March 31, 2024, the Company had a remaining borrowing capacity of $68,334, net of standby letters of credit, and had no outstanding debt obligations.

In addition, the Credit Agreement contains certain other covenants (none of which relate to financial condition), events of default and other customary provisions. As of March 31, 2024, the Company was in compliance with all of the financial and non-financial covenants of the Credit Agreement.

21. Subsequent Events

Special and Quarterly Dividends

On March 21, 2024, the Company announced the declaration of a special cash dividend in the amount of $0.32 per share payable on April 8, 2024 to holders of record of the Class A Common Stock and Class B Common Stock as of the close of business on April 1, 2024. The Company funded the payment of the special cash dividend with cash held by the Company following its receipt of a pro rata cash distribution made by Alclear to all of its members, including the Company, together with cash held by the Company following its receipt of tax distributions made by Alclear. Tax distributions are required under Alclear’s Operating Agreement, generally at a tax rate higher than the Company's. As a result, together with the Company’s utilization of certain tax attributes, the Company has received cash from tax distributions in excess of what is required to fund its tax liabilities and obligations under its Tax Receivable Agreement.

On May 7, 2024, the Company announced that its Board declared a quarterly dividend of $0.10 per share, payable on June 18, 2024 to holders of record of Class A Common Stock and Class B Common Stock as of the close of business on June 10, 2024 (the "Record Date"). The Company will fund the dividend from proportionate cash distributions by Alclear to all of its members as of the Record Date, including holders of non-controlling interests in Alclear and the Company.

To the extent the quarterly or special dividends exceed the Company's current and accumulated earnings and profits, a portion of such dividends may be deemed a return of capital gain to the holders of our Class A Common Stock or Class B Common Stock, as applicable.

Share Repurchases

During the second quarter of 2024, the Company used $33,922 to repurchase and retire 1,750,000 shares of Class A Common Stock at an average price of $19.38.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help readers understand our results of operations, financial condition and cash flows and should be read in conjunction with the audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 ("Annual Report on Form 10-K"). This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below.

For purposes of this MD&A, the term "we" and other forms thereof refer to Clear Secure, Inc. and its subsidiaries (collectively, the "Company"), which includes Alclear Holdings, LLC ("Alclear").

Forward-Looking Statements

This quarterly report includes certain forward-looking statements within the meaning of the federal securities laws regarding, among other things, our or management's intentions, plans, beliefs, expectations or predictions of future events, which are considered forward-looking statements. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as "may," "will," "should," "believe," "expect," "anticipate," "intend," "plan," "estimate," or similar expressions. These statements are based upon assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors that we believe are appropriate under the circumstances. As you read this quarterly report, you should understand that these statements are not guarantees of performance or results. They involve known and unknown risks, uncertainties and assumptions, including those described under the heading "Risk Factors" in our Annual Report on Form 10-K. Although we believe that these forward-looking statements are based upon reasonable assumptions, you should be aware that many factors, including those described under the heading "Risk Factors" in our Annual Report on Form 10-K, could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements.

Our forward-looking statements made herein are made only as of the date of this quarterly report. We expressly disclaim any intent, obligation or undertaking to update or revise any forward-looking statements made herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this quarterly report.

Overview

CLEAR is an identity company making experiences safer and easier digitally and physically. We make everyday experiences frictionless by connecting your identity to all the things that make you, YOU - transforming the way you live, work, and travel. CLEAR has been delivering secure, friction-free experiences in airports for over 14 years, achieving exceptional user delight and trust with CLEAR Plus, our consumer aviation subscription service. CLEAR Plus enables access to predictable and fast experiences through dedicated entry lanes in airport security checkpoints nationwide. As we continue to innovate on the travel experience, we are proud to offer TSA PreCheck® Enrollment Provided by CLEAR – offering consumers increased choice in how and where to sign up for this popular trusted traveler program. Our free flagship CLEAR app offers consumer products like Home-to-Gate, which includes RESERVE *Powered by* CLEAR, our virtual queuing technology that enables customers to prebook a spot in the airport security line so they don't have to wait. CLEAR Verified, our B2B offering, enables our partners to leverage our digital identity technology and reusable member network to facilitate secure and frictionless experiences digitally and physically via our software development kits and application programming interfaces.

Key Factors Affecting Performance

We believe that our current and future financial growth are dependent upon many factors, including the key factors affecting performance described below.

Ability to Grow Total Cumulative Enrollments

We are focused on growing Total Cumulative Enrollments and the number of Members that engage with our platform. Our operating results and growth opportunities depend, in part, on our ability to attract new Members, including paying Members (CLEAR Plus Members) as well as new platform Members. We rely on multiple channels to attract new CLEAR Plus Members, including in-airport (our largest channel) which in turn is dependent on the ongoing ability of our Ambassadors to successfully engage with the traveling public. We also rely on numerous digital channels such as paid search and partnerships. We also entered into strategic distribution partnerships with partners such as Delta Air Lines, United Airlines, Alaska Airlines, Hawaiian Airlines and American Express that promote our services to their customers on a discounted or subsidized basis which allows us to efficiently scale membership in CLEAR Plus. In March 2024 we renewed our partnership with American Express for the first of two one year renewal terms. In many cases, we offer limited time free trials to new Members who may convert to paying Members upon the completion of their trial. Our future success is dependent on those channels continuing to drive new Members and our ability to convert free trial Members into paying Members.

We believe we will see an acceleration of Total Cumulative Platform Uses relative to Total Cumulative Enrollments over time as our Members use our products across multiple locations and use cases. We believe this dynamic will grow the long-term economic value of our platform by increasing total engagement, expanding our margins and maximizing our revenue. Our future success is dependent upon maintaining and growing our partnerships as well as ensuring our platform remains compelling to Members.

Although we have historically grown the number of new Members over time and successfully converted some free trial Members to paying Members, our future success is dependent upon our ongoing ability to do so.

Ability to retain CLEAR Plus Members

Our ability to execute on our growth strategy is focused, in part, on our ability to retain our existing CLEAR Plus Members. Frequency and recency of usage are the leading indicators of retention, and we must continue to provide frictionless and predictable experiences that our Members will use in their daily lives. We are subject to various factors which may be out of our control and may impact our Member experience, such as checkpoint staffing generally, checkpoint queue configurations and Registered Traveler policies adopted by TSA. For example, the TSA employs varied randomization as part of their normal security processes. If the TSA materially increases randomized reverification rates for CLEAR Plus Members at the checkpoint or makes other adjustments to checkpoint processes, it may negatively impact the Lane experience and therefore may impact our ability to retain CLEAR Plus Members.

The value of the CLEAR platform to our Members increases as we add more use cases and partnerships, which in turn drives more frequent usage and increases retention. Historically, CLEAR Plus Members who used CLEAR in both aviation and non-aviation venues renewed at rates materially above those who used CLEAR only in aviation. We cannot be sure that we will be successful in retaining our Members due to any number of factors such as our inability to successfully implement a new product, adoption of our technology, harm to our brand or other factors.

Ability to add new partners, retain existing partners and generate new revenue streams

Our partners include local airport authorities, airlines and other businesses. Our future success depends on maintaining those relationships, adding new relationships and maintaining favorable business terms. In addition, our growth strategy relies on creating new revenue streams such as per partner, per Member or per use transaction fees. Although we believe our service provides significant value to our partners, our success depends on creating mutually beneficial partnership agreements. We are focused on innovating both our product and our platform to improve our Members' experience, improve safety and security and introduce new use cases. We intend to accelerate our pace of innovation to add more features and use cases, to ultimately deliver greater value to our Members and partners. In the near term, we believe that growing our Member base facilitates our ability to add new partnerships and provide additional offerings, which we expect will lead to revenue generation opportunities in the long term.

Timing of new partner, product and location launches

Our financial performance is dependent in part on new partner, product and location launches. In many cases, we cannot predict the exact timing of those launches. Delays, resulting either from internal or external factors, may have a material effect on our financial results.

Timing of expenses; Discretionary investments

Although many of our expenses occur in a predictable fashion, certain expenses may fluctuate from period to period due to timing.

In addition, management may make discretionary investments when it sees an opportunity to accelerate growth, add a new partner or acquire talent, among other reasons. This may lead to volatility or unpredictability in our expense base and in our profitability.

Maintaining strong unit economics

Our business model is powered by network effects and has historically been characterized by efficient Member acquisition and high Member retention rates. While we believe our unit economics will remain attractive, this is dependent on our ability to add new Members efficiently and maintain our historically strong retention rates. As we grow our market penetration, the cost to acquire new Members could increase and the experience we deliver to Members could degrade, causing lower retention rates. For our definitions of "Lifetime Value" and "Customer Acquisition Cost" and information about how we calculate these metrics, see the section titled "Business—Our Member Acquisition and Retention Strategy" in our Annual Report on Form 10-K.

Changes to the macro environment

Our business is dependent on macroeconomic and other events outside of our control, such as decreased levels of travel or attendance at events, terrorism, civil unrest, political instability, union and other transit related strikes and other general economic conditions. We are also subject to changes in discretionary consumer spending.

Taxation and Expenses

After the consummation of our IPO, we became subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of Alclear and will be taxed at the prevailing corporate tax rates. Alclear, is treated as flow-through entities for U.S. federal income tax purposes, and as such, has generally not been subject to U.S. federal income tax at the entity level. Accordingly, the historical results of operations and other financial information set forth in the Annual Report on Form 10-K do not include any material provisions for U.S. federal income tax for the periods prior to our IPO.

In addition to tax expense, we incur expenses related to our operations, plus payments under the tax receivable agreement ("TRA") described below, which we expect to be significant. We intend to cause Alclear to make distributions in an amount sufficient to allow us to pay our tax obligations and operating expenses, including distributions to fund any ordinary course payments under the TRA.

Following our IPO, we have and we expect to continue to incur increased amounts of compensation expense, including related to equity awards granted under the 2021 Omnibus Incentive Plan to both existing employees and newly-hired employees, and grants in connection with new hires could be significant. In addition, as a new public company, we are implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur additional expenses related to these steps and, among other things, additional directors' and officers' liability insurance, director fees, reporting requirements of the SEC, transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses.

Tax Receivable Agreement

In connection with the IPO we entered into the TRA with the Alclear Members that provides for the payment by us to the Alclear Members of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize (computed using simplifying assumptions to address the impact of state and local taxes) as a result of (i) any increase in tax basis in Alclear's assets resulting from (a) exchanges by the Alclear Members (or their transferees or other assignees) of Alclear Units (along with the corresponding shares of our Class C Common Stock or Class D Common Stock, as applicable) for shares of our Class A common stock, $0.00001 par value per share ("Class A Common Stock") or Class B common stock, $0.00001 par value per share ("Class B Common Stock") as applicable, and purchases of Alclear Units and corresponding shares of Class C common stock, par value $0.00001 per share ("Class C Common Stock") or Class D common stock, $0.00001 par value per share ("Class D Common Stock" and, together with the Class A Common Stock, Class B Common Stock and Class C Common Stock, collectively, "Common Stock"), as the case may be, from Alclear Members (or their transferees or other assignees) or (b) payments under the TRA, and (ii) tax benefits related to imputed interest deemed arising as a result of payments made under the TRA.

The actual increase in tax basis, as well as the amount and timing of any payments under these agreements, varies depending upon a number of factors, including the timing of exchanges by or purchases from the Alclear Members, the price of our Class A Common Stock at the time of the exchange, the extent to which such exchanges are taxable, the amount and timing of the taxable income we generate in the future and the tax rate then applicable and the portion of our payments under the TRA constituting imputed interest.

During the three months ended March 31, 2024, the Company recognized certain exchanges. As of March 31, 2024, the Company did not record a TRA liability as a result of these exchanges.

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.

	Three months ended March 31,			
	2024	2023	$ Change	% Change
Total Bookings (in millions)	$ 180.6	$ 149.7	$ 30.9	21 %

Total Bookings increased by $30.9 million, or 21%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase was primarily driven by new Member enrollments, pricing increases, and strong retention of existing Members.

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.

	As of March 31,			
	2024	2023	$ Change	% Change
Total Cumulative Enrollments (in thousands)	21,941	16,202	5,739	35%

Total Cumulative Enrollments were 21,941 as of March 31, 2024 and 16,202 as of March 31, 2023, which represented a 35% increase. The year over year increase was driven by CLEAR Verified and CLEAR Plus enrollments.

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.

	As of March 31,			
	2024	2023	$ Change	% Change
Total Cumulative Platform Uses (in thousands)	192,610	141,106	51,504	37%

Total Cumulative Platform Uses was 192,610 as of March 31, 2024 and 141,106 as of March 31, 2023, which represented a 37% increase, driven by CLEAR Plus verifications combined with increased contributions from CLEAR Verified uses.

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.

	As of March 31,		
	2024	2023	% Change
Annual CLEAR Plus Net Member Retention	84.0%	91.3%	(7.3%)

Annual CLEAR Plus Net Member Retention was 84.0% as of March 31, 2024 and 91.3% as of March 31, 2023, a year-over year decrease of 730 basis points. The decline was primarily driven by a normalization of winbacks, a larger pool of Members up for renewal year over year, and NextGen Identity+ upgrades, which we prioritized over our typical focus on reactivating Members in the lane.

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.

	As of March 31,		
	2024	2023	% Change
Annual CLEAR Plus Gross Dollar Retention	89.8%	84.5%	5.3%

Annual CLEAR Plus Gross Dollar Retention was 89.8% as of March 31, 2024 and 84.5% as of March 31, 2023, a year-over-year increase of 530 basis points. We view this new metric to be representative of underlying Member retention trends and less dependent upon the underlying growth rate of the total membership base versus Annual CLEAR Plus Net Member Retention.

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.

	As of March 31,		
	2024	2023	Change
Active CLEAR Plus Members	6,798	5,711	19%

Active CLEAR Plus Members was 6,798 as of March 31, 2024 and 5,711 as of March 31, 2023, which represented a 19% increase, driven by new Members added through new and existing airports as well as partner and organic channels.

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.

	As of March 31,		
	2024	2023	Change
Annual CLEAR Plus Member Usage	7.8x	8.8x	(11 %)

Annual Usage was 7.8x as of March 31, 2024 and 8.8x as of as of March 31, 2023, which represented a 11% decrease.

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.

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 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.

Reconciliation of Net Income (Loss) to Adjusted EBITDA:

	Three months ended March 31,	
(In thousands)	**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

	Three months ended March 31,	
(In thousands)	**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**

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
Adjustments		
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	—
Total incremental shares	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**

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:

	Three months ended March 31,	
(In thousands)	**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**

Components of Results of Operations

Revenue

The Company derives substantially all of its revenue from subscriptions to its consumer aviation service, CLEAR Plus. The Company offers certain limited-time free trials, family pricing, and other beneficial pricing through several channels, including airline and credit card partnerships. Membership subscription revenue is presented net of taxes, refunds, credit card chargebacks, and estimated amounts due to a credit card partner. Membership subscription revenue is also reduced by the Company's funded portion of credit card benefits issued to Members through a partnership with a credit card company at the end of the contract period. The Company's funded portion varies based on total number of Members for the contract year.

The Company also generates revenue in relation to CLEAR Verified. While contract structure may vary by use case, these deals are typically multi-year, recurring contracts that drive revenue primarily through transaction fees charged either per use or per user over a predefined time period, which sometimes includes tiered pricing. In addition, they may also include one-time implementation fees, licensing fees or incremental transaction fees. Revenues from our partners, and the percentage of our total revenue from these partners, have historically been immaterial.

Operating Expenses

Cost of revenue share fee

The Company operates as a concessionaire in airports and shares a portion of the gross receipts generated from the Company's Members with the host airports and airlines ("Revenue Share"). The Revenue Share fee is generally prepaid to the host airport in the period collected from the Member. The Revenue Share fee is capitalized and subsequently amortized to operating expense over each Member's subscription period. Such prepayments are recorded in "Prepaid revenue share fee" in the Company's consolidated balance sheets. Cost of revenue share fee also includes a fixed fee component which is expensed in the period incurred and certain overhead related expenses paid to the airports in relation to our Revenue Share arrangements.

Cost of direct salaries and benefits

Cost of direct salaries and benefits includes employee-related expenses and allocated overhead associated with our field Ambassadors and field managers directly assisting Members and their corresponding travel related costs. Employee-related costs recorded in direct salaries and benefits consist of salaries, taxes, benefits and equity-based compensation and expenses under arrangements related to the use of certain space at airports.

Research and development

Research and development expenses consist primarily of employee related expenses, allocated overhead costs and costs for contractors related to the Company's development of new products and services and improving existing products and services. Research and development costs are generally expensed as incurred, except for costs incurred in connection with the development of internal-use software that qualify for capitalization as described in our internal-use software policy. Employee related compensation costs consist of salaries, taxes, benefits and equity-based compensation.

Sales and marketing

Sales and marketing expenses consist primarily of costs of general marketing and promotional activities, advertising fees used to drive subscriber acquisition, commissions, the production costs to create our advertisements, expenses related to employees who manage our sales and marketing efforts, as well as brand and allocated overhead costs.

General and administrative

General and administrative expenses consist primarily of employee-related expenses for the executive, finance, accounting, legal, and human resources functions. Employee-related expenses consist of salaries, taxes, benefits and equity-based compensation. In addition, general and administrative expenses include non-personnel costs, such as legal, accounting and other professional fees, warrant expense, variable credit card fees, variable mobile enrollment costs, and all other supporting corporate expenses not allocated to other departments including overhead and acquisition-related costs.

Interest income, net

Interest income, net primarily consists of interest income from our investment holdings and discount accretion on our marketable securities partially offset by issuance costs on our revolving credit facility.

Other income, net

Other income, net consists of certain non-recurring non-operating items including items such as sublease income, and changes in the fair value of contingent consideration.

Provision (benefit) for income taxes

As a result of the IPO and Reorganization, the Company became the sole managing member of Alclear, which is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, Alclear is not subject to U.S. federal and most state and local income taxes. Any taxable income or loss generated by Alclear is passed through to and included in the taxable income or loss of its members, including the Company, based on ownership interest. The Company is subject to federal income taxes in the U.S. and its territories, in addition to state and local income taxes with respect to its allocable share of any taxable income or loss of Alclear, as well as any stand-alone income or loss generated by the Company. The Company is also subject to income taxes in Israel, Argentina, and Mexico.

Comparison of the three months ended March 31, 2024 and 2023 (in millions):

	Three months ended March 31,			
	2024	**2023**	**$ Change**	**% Change**
Revenue	**$ 179.0**	**$ 132.4**	**$ 46.6**	**35 %**
Operating expenses:				
Cost of revenue share fee	24.4	19.6	4.8	24 %
Cost of direct salaries and benefits	40.3	33.1	7.2	22 %
Research and development	20.1	21.9	(1.8)	(8) %
Sales and marketing	11.6	9.5	2.1	22 %
General and administrative	52.9	58.1	(5.2)	(9) %
Depreciation and amortization	6.1	5.2	0.9	17 %
Operating income (loss)	**23.7**	**(15.1)**	**38.8**	—
Other income (expense)				
Interest income, net	9.9	6.4	3.5	55 %
Other income, net	0.4	0.3	0.1	N/A
Income (loss) before tax	**34.1**	**(8.4)**	**42.5**	—
Income tax (expense) benefit	(2.0)	0.1	(2.1)	N/A
Net income (loss)	**$ 32.1**	**$ (8.3)**	**$ 40.4**	**$ —**

Information about our operating results for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 is set forth below:

Revenue

	Three months ended March 31,			
	2024	**2023**	**$ Change**	**% Change**
Revenue	$ 179.0	$ 132.4	$ 46.6	35 %

Revenue increased by $46.6 million, or 35%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The change was primarily due to an increase in the number of CLEAR Plus Members. Approximately 28% and 30% of paying CLEAR Plus members were on a family plan as of March 31, 2024 and 2023, respectively.

Cost of revenue share fee

	Three months ended March 31,			
	2024	**2023**	**$ Change**	**% Change**
Cost of revenue share fee	$ 24.4	$ 19.6	$ 4.8	24 %

Cost of revenue share fee increased by $4.8 million, or 24%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The change was driven primarily by an increase of $2.4 million, or a 46% increase, in fixed airport fees and $2.4 million, or a 17% increase, in per Member fees. COVID-related concessions reduced Cost of revenue share fee by $1.8 million and $0.6 million in three months ended March 31, 2024 and 2023, respectively.

Cost of direct salaries and benefits

	Three months ended March 31,			
	2024	2023	$ Change	% Change
Cost of direct salaries and benefits	$ 40.3	$ 33.1	$ 7.2	22 %

Cost of direct salaries and benefits expenses increased by $7.2 million, or 22%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The change was primarily due to increased employee compensation costs of $7.1 million caused by select wage increases and higher average employee count.

Research and development

	Three months ended March 31,			
	2024	2023	$ Change	% Change
Research and development	$ 20.1	$ 21.9	$ (1.8)	(8) %

Research and development expenses decreased by $1.8 million, or 8%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The change was primarily due to $1.1 million non-cash impairment of certain assets during the three months ended March 31, 2023 and a $0.8 million decrease in employee compensation costs, net of a $0.9 million increase in severance related to the closure of our Israel office.

Sales and marketing

	Three months ended March 31,			
	2024	2023	$ Change	% Change
Sales and marketing	$ 11.6	$ 9.5	$ 2.1	22 %

Sales and marketing expenses increased by $2.1 million, or 22%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The change was driven primarily by $1.4 million of higher discretionary marketing expense and $0.4 million increased employee compensation costs.

General and administrative

	Three months ended March 31,			
	2024	2023	$ Change	% Change
General and administrative	$ 52.9	$ 58.1	$ (5.2)	(9) %

General and administrative expenses decreased by $5.2 million, or 9%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The change was primarily driven by a $5.5 million decrease in employee related costs during the three months ended March 31, 2024. In addition, during the three months ended March 31, 2023, we incurred a $1.5 million lease impairment and $1.0 million write-off of certain assets that did not occur in the current period. The decrease was partially offset by a $2.5 million increase in technology costs and $2.0 million higher credit card fees due to higher bookings during the three months ended March 31, 2024.

Other income (expense)

	Three months ended March 31,			
	2024	2023	$ Change	% Change
Interest income, net	$ 9.9	$ 6.4	$ 3.5	55 %

Interest income, net increased by $3.5 million, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. This change was primarily driven by higher interest rates.

	Three months ended March 31,			
	2024	2023	$ Change	% Change
Other income, net	$ 0.4	$ 0.3	$ 0.1	N/A

Other income (expense), net increased by $0.1 million, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

Income tax (expense) benefit

	Three months ended March 31,			
	2024	2023	$ Change	% Change
Income tax (expense) benefit	$ (2.0)	$ 0.1	$ (2.1)	N/A

Income tax expense increased by $2.1 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023The change was primarily due to the U.S. federal and state current taxes not offset by tax attributes (e.g. net operating losses and general business tax credits).

Liquidity and Capital Resources

Our operations have been financed primarily through equity financing and cash flow from operating activities. As of March 31, 2024, we had cash and cash equivalents of $64.1 million and marketable securities of $634.3 million.

Historically, our principal uses of cash and cash equivalents have included funding our operations, capital expenditures, repurchases of members’ equity and more recently, business combinations and investments that enhance our strategic positioning. We may also use our cash and cash equivalents to repurchase our Class A Common Stock, pay cash dividends and distribute to members for tax payments. We plan to finance our operations, future stock repurchases, cash dividends and capital expenditures largely through cash generated from the proceeds of our IPO and operations. We believe our existing cash and cash equivalents, marketable securities, cash provided by operations and the availability of additional funds under our Credit Agreement (as defined below) will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months, including payment of dividends, potential stock repurchases, and known commitments and contingencies as discussed below. We expect that future capital expenditure will generally relate to building enhancements to the functionality of our current platform, equipment, leasehold improvements and furniture and fixtures related to office expansion and relocation, and general corporate infrastructure.

Share Repurchases

On May 13, 2022, the Company's Board authorized a share repurchase program pursuant to which the Company may purchase up to $100 million of its Class A Common Stock. On November 8, 2023 and March 21, 2024, the Company announced that its Board authorized two $100 million increases to its existing Class A Common Stock share repurchase program, resulting in an aggregate remaining authorization on March 21, 2024 of $140.7 million. Under the repurchase program, the Company may purchase shares of its Class A Common Stock on a discretionary basis from time to time through open market repurchases, privately negotiated transactions, or other means, including through Rule 10b5-1 trading plans. The timing and actual number of shares repurchased will be determined by management depending on a variety of factors, including stock price, trading volume, market conditions, and other general business considerations. The repurchase program has no expiration date and may be modified, suspended, or terminated at any time. During the three months ended March 31, 2024, the Company repurchased 4,416,759 shares for $84.9 million. The repurchased shares were retired. As of March 31, 2024, $140.7 million remains available under the repurchase authorization.

Dividends

On May 9, 2023, the Company announced that a special committee of its Board declared a special cash dividend in the amount of $0.20 per share payable on May 25, 2023 to holders of record of the Class A Common Stock and Class B Common Stock as of the close of business on May 18, 2023. The Company funded the payment of the special cash dividend from its pro rata share of tax distributions made by Alclear.

On August 2, 2023, the Company announced that our Board adopted a dividend policy (the "Dividend Policy") of paying a quarterly cash dividend to holders of Class A Common Stock and Class B Common Stock. The amount of such quarterly dividends are subject to approval of the actual amount by the Board at the time of such dividend declaration. It is expected that the dividends will be funded by proportionate cash distributions by Alclear to all of its members as of the applicable record date, including holders of non-controlling interests in Alclear and the Company. The declaration of cash dividends in the future is subject to final determination each quarter by the Board based on a number of factors, including the Company's results of operations, cash flows, financial position and capital requirements, as well as general business conditions, legal, tax and regulatory restrictions and other factors the Board deems relevant at the time it determines to declare such dividends.

On February 15, 2024, the Company announced that its Board declared a quarterly dividend of $0.09 per share, payable on March 5, 2024 to holders of record of Class A Common Stock and Class B Common Stock as of the close of business on February 26, 2024.

On March 21, 2024, the Company announced the declaration of a special cash dividend in the amount of $0.32 per share payable on April 8, 2024 to holders of record of the Class A Common Stock and Class B Common Stock as of the close of business on April 1, 2024. The Company funded the payment of the special cash dividend with cash held by the Company following its receipt of a pro rata cash distribution made by Alclear to all of its members, including the Company, together with cash held by the Company following its receipt of tax distributions made by Alclear. Tax distributions are required under Alclear's Operating Agreement, generally at a tax rate higher than the Company's. As a result, together with the Company's utilization of certain tax attributes, the Company has received cash from tax distributions in excess of what is required to fund its tax liabilities and obligations under its Tax Receivable Agreement.

On May 7, 2024, the Company announced that its Board declared a quarterly dividend of $0.10 per share, payable on June 18, 2024 to holders of record of Class A Common Stock and Class B Common Stock as of the close of business on June 10, 2024 (the "Record Date"). The Company will fund the dividend from proportionate cash distributions by Alclear to all of its members as of the Record Date, including holders of non-controlling interests in Alclear and the Company.

To the extent the quarterly or special dividends exceed the Company's current and accumulated earnings and profits, a portion of such dividends may be deemed a return of capital gain to the holders of our Class A Common Stock or Class B Common Stock, as applicable.

Refer to our risks and uncertainties discussed under the heading "Forward-Looking Statements" and in Part II. Item 1A. "Risk Factors."

Credit Agreement

On March 31, 2020, we entered into a credit agreement (as amended, restated or otherwise modified, the "Credit Agreement") for a three-year $50 million revolving credit facility that expires on March 31, 2023. Borrowings under the Credit Agreement generally bear interest between 1.5% and 2.5% per year and also include interest based on the greater of the prime rate, London Interbank Offered Rate ("LIBOR") or New York Federal Reserve Bank ("NYFRB") rate, plus an applicable margin for specific interest periods. In April 2021, the Company increased the size of the revolving credit facility to $100 million, which matures three years from the date of the increase.The revolving credit facility includes a letter of credit sub-facility. In June 2023, the Company entered into a second amendment to the Credit Agreement to transition from LIBOR to the Secured Overnight Financing Rate ("SOFR") as our benchmark interest rate and to extend the maturity date to June 28, 2026.

We have the option to repay any borrowings under the Credit Agreement without premium or penalty prior to maturity. In addition, the Credit Agreement contains certain other covenants (none of which relate to financial condition), events of default and other customary provisions. The Credit Agreement contains customary affirmative covenants, such as financial statement reporting requirements and delivery of borrowing base certificates, as well as customary covenants that restrict our ability to, among other things, incur additional indebtedness, sell certain assets, guarantee obligations of third parties, declare dividends or make certain distributions, and undergo a merger or consolidation or certain other transactions.

As of March 31, 2024, the Company had a remaining borrowing capacity of $68.3, net of standby letters of credit, and had no outstanding debt obligations. As of March 31, 2024, the Company was in compliance with all of the financial and non-financial covenants of the Credit Agreement. Refer to Note 20 within the condensed consolidated financial statements for further details.

Cash Flow

The following summarizes our cash flows for the three months ended March 31, 2024 and 2023 (in millions):

	Three months ended March 31,		
	2024	2023	$ Change
Net cash provided by operating activities	$ 80.3	$ 60.8	$ 19.5
Net cash provided by (used in) investing activities	26.2	(50.6)	76.8
Net cash used in financing activities	(101.3)	(9.1)	(92.2)
Net increase in cash, cash equivalents, and restricted cash	5.3	1.1	4.2
Cash, cash equivalents, and restricted cash, beginning of year	**62.4**	**68.9**	**(6.5)**
Net exchange differences on cash, cash equivalents, and restricted cash	—	—	—
Cash, cash equivalents, and restricted cash, end of period	**$ 67.7**	**$ 70.0**	**$ (2.3)**

Cash flows from operating activities

For the three months ended March 31, 2024, net cash provided by operating activities was $80.3 million compared to net cash provided by operating activities of $60.8 million for the three months ended March 31, 2023, an increase of $19.5 million primarily due to higher net income offset by year-over-year unfavorable changes in working capital of $14.3 million and a decrease in non-cash adjustments to net income of $6.5 million.

Cash flows from investing activities

For the three months ended March 31, 2024 net cash provided by investing activities was $26.2 compared to net cash used in investing activities of $50.6 for the three months ended March 31, 2023, an increase of $76.8 million. The change was primarily due to an increase in the net sales of marketable securities of $65.4 million and a decrease in capital expenditures of $6.6 million.

Cash flows from financing activities

For the three months ended March 31, 2024, net cash used in financing activities was $101.3 million compared to net cash used in financing activities of $9.1 million for the three months ended March 31, 2023, an increase of $92.2 million. The change was primarily due to an increase in the amounts used to repurchase Class A Common Stock of $78.4 million and an increase in payments of dividends and distributions of $13.9 million.

Commitments and Contingencies

We have non-cancelable operating lease arrangements for office space. As of March 31, 2024, we had future minimum payments of $203.9 million, with $15.0 million due within twelve months.

We have and continue to enter into agreements with airports for access to floor and office space. As of March 31, 2024, we had future minimum payments of $66.2 million.

We have commitments for future marketing expenditures to sports stadiums of $7.4 million as of March 31, 2024.

We are subject to certain minimum spend commitments of approximately $1.2 million over the next year under service arrangements.

Critical Accounting Policies and Estimates

The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. The Securities and Exchange Commission (“SEC”) has defined a company’s critical accounting policies as the ones that are most important to the portrayal of a company’s financial condition and results of operations, and which require a company to make its most difficult and subjective judgments. Based on this definition, we have identified the critical accounting policies and judgments addressed below. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. Refer to Note 2 within the condensed consolidated financial statements for further information.

Tax Receivable Agreement

The Company entered into a Tax Receivable Agreement (“TRA”) which generally provides for payment by the Company to the remaining members of Alclear, the “TRA Holders,” of 85% of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax that the Company actually realizes or is deemed to realize in certain circumstances. The Company will retain the benefit of the remaining 15% of these net cash savings. As of March 31, 2024, the Company did not record a liability from the TRA.

Recent Accounting Pronouncements

Refer to Note 2 within the condensed consolidated financial statements, for recently issued accounting pronouncements and their expected impact.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

In the normal course of business, we are subject to a variety of risks which can affect our operations and profitability. We broadly define these areas of risk and interest rate risk.

Interest Rate Risk

We had cash and cash equivalents of $64.1 million as of March 31, 2024. Cash and cash equivalents includes highly liquid securities that have a maturity of three months or less at the date of purchase. The fair value of our cash and cash equivalents would not be significantly affected by either a 10% increase or decrease in interest rates due mainly to the short-term nature of these instruments.

We manage cash and cash equivalents in various institutions at levels beyond federally insured limits per institution, and we may purchase investments not guaranteed by the FDIC. Accordingly, there is a risk that we will not recover the full principal of our investments or that their liquidity may be diminished

Debt

Interest payable on our revolving credit facility is variable. Borrowings generally will bear interest based on the greater of the prime rate, SOFR or NYFRB rate, plus an applicable margin for specific interest periods. As of March 31, 2024, we had no outstanding borrowings under the revolving credit facility.

Investments in Marketable Securities

We had marketable securities totaling $634.3 million as of March 31, 2024. This amount was invested primarily in money market funds, commercial paper, corporate notes and bonds, and government securities. Our investments are made for capital preservation purposes and we do not enter into investments for trading or speculative purposes. We are exposed to market risk related to changes in interest rates where a decline in interest rates would reduce our interest income, net and conversely, an increase in interest rates would have an adverse impact on the fair value of our investment portfolio. The effect of a hypothetical 100 basis points increase or decrease in overall interest rate would result in unrealized loss or gain to our “available for sale” investment fair value of approximately $4.0 million that would be recognized in accumulated other comprehensive loss within the condensed consolidated balance sheets.

Foreign Currency Transaction and Translation Risk

Fluctuations in foreign currencies impact the amount of total assets, liabilities, revenues, operating expenses and cash flows that we report for our foreign subsidiaries upon the translation of these amounts into USD. Since the majority of our business is transacted in the U.S. dollar, foreign currency transaction and translation risk was insignificant for the three months ended March 31, 2024.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the quarter ended March 31, 2024. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the quarter ended March 31, 2024, our disclosure controls and procedures were effective in providing reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, with the Company have been detected.

Changes in Internal Control

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the quarter ended March 31, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company is subject to commercial litigation claims and various legal proceedings, as well as administrative and regulatory reviews arising in the ordinary course of business. We currently believe that the ultimate outcome of such lawsuits, proceedings and reviews will not, individually or in the aggregate, have a material adverse effect on our condensed consolidated financial statements.

Item 1A. Risk Factors

We have disclosed under the heading “Risk Factors” in our Annual Report on Form 10-K the risk factors which materially affect our business, financial condition or results of operations. There have been no material changes from the risk factors previously disclosed. You should carefully consider the risk factors set forth in the Annual Report on Form 10-K and the other information set forth elsewhere in this Quarterly Report on Form 10-Q. You should be aware that these risk factors and other information may not describe every risk facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended March 31, 2023, certain non-controlling interest holders exchanged their Alclear Units and corresponding shares of Class C Common Stock or Class D Common Stock for shares of the Company’s Class A Common Stock or Class B Common Stock, as applicable. As a result, the Company issued 1,625,803 shares of Class A Common Stock.

Use of IPO Proceeds

On July 2, 2021, we closed our IPO, in which the Company issued 15,180,000 shares of Class A common stock (which included 1,980,000 shares of Class A common stock as a result of the exercise of the underwriters’ over-allotment option, which was exercised on June 30, 2021). All shares in the IPO were registered under the Securities Act pursuant to a Registration Statement on Form S-1 (File No. 333-256851), which was declared effective by the SEC on June 29, 2021 (the “Registration Statement”).

Goldman Sachs & Co. was the representative of the underwriters, which comprised Goldman Sachs & Co., J.P. Morgan Securities LLC, Allen & Company LLC, Wells Fargo Securities, LLC, LionTree Advisors LLC, Stifel, Nicolaus & Company, Incorporated, Telsey Advisory Group LLC, Centerview Partners LLC, Loop Capital Markets LLC, and Roberts & Ryan Investments, Inc. The lead book-runners of our IPO were Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Allen & Company LLC and Wells Fargo Securities, LLC.

The initial offering price to the public in the IPO was $31.00 per share. We received $29.295 per share from the underwriters after deducting underwriting discounts and commissions of $1.705 per share. We incurred underwriting discounts and commissions of approximately $25.9 million, including the effect of the exercise of the over-allotment option.. Thus, our net offering proceeds, after deducting underwriting discounts and commissions, net of the rebate on the over-allotment option, were approximately $445.9 million, which the Company contributed to Alclear in exchange for 15,180,000 Alclear Units. The Company has caused Alclear to use such contributed amount to pay offering expenses of approximately $9.0 million, and for general corporate purposes. There has been no material change in the planned use of the IPO net proceeds from what is described in the Company’s Registration Statement. No payments were made to our directors or officers or their associates, holders of 10% or more of any class of our equity securities or any affiliates.

Issuer Purchases of Equity Securities

Below is a summary of the repurchases during the three months ended March 31, 2024 (in millions, except share and per share amounts):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan or Program
January 1, 2024 - January 31, 2024	—	$ —	—	$ 125
February 1, 2024 - February 29, 2024	636,096	$ 18.45	636,096	$ 114
March 1, 2024 - March 31, 2024	3,780,663	$ 19.35	3,780,663	$ 141
Total	**4,416,759**	**$ 19.22**	**4,416,759**	

All purchases of Class A Common Stock reported in the above table were purchased by the Company pursuant to the Company's share repurchase program, authorized by the Board on May 13, 2022 and publicly announced by the Company on May 16, 2022, and increased on November 8, 2023 and March 21, 2024. The share repurchase program provides for the purchase by the Company of up to $300 million of the Company's Class A Common Stock on a discretionary basis from time to time through open market repurchases, privately negotiated transactions, or other means, including through Rule 10b5-1 trading plans. As of March 31, 2024, $140,688 remains available under the repurchase authorization. The timing and actual number of shares repurchased will be determined by management depending on a variety of factors, including stock price, trading volume, market conditions, and other general business considerations. The repurchase program has no expiration date and may be modified, suspended, or terminated at any time. The above table excludes shares repurchased to settle employee tax withholding related to the vesting of stock awards.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

Rule 10b5-1 Trading Plans

The adoption or termination of contracts, instructions or written plans for the purchase or sale of our securities by our Section 16 officers and directors for the three months ended March 31, 2024, each of which is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act ("Rule 10b5-1 Plan"), were as follows:

Name	Title	Date of Adoption of Rule 10b5-1 Trading Plan	Scheduled Expiration Date of Rule 10b5-1 Trading Plan	Number of Shares to be Sold under the Plan
Kenneth Cornick	President and Chief Financial Officer	March 12, 2024	May 30, 2025	979,935

Item 6. Exhibits

The documents listed in the Index to Exhibits of this quarterly report on Form 10-Q are incorporated by reference or are filed with this quarterly report on Form 10-Q, in each case as indicated therein.

Exhibit Number	Description
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CLEAR SECURE, INC.

Date:	May 8, 2024	By:	/s/ Caryn Seidman Becker Caryn Seidman Becker Chairman and Chief Executive Officer
Date:	May 8, 2024	By:	/s/ Kenneth Cornick Kenneth Cornick President and Chief Financial Officer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Caryn Seidman Becker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clear Secure, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	May 8, 2024	By:	/s/ Caryn Seidman Becker
			Caryn Seidman Becker
			Chairman and Chief Executive Officer
			(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth Cornick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clear Secure, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	May 8, 2024	By:	/s/ Kenneth Cornick
			Kenneth Cornick
			President and Chief Financial Officer
			(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Caryn Seidman Becker, Chief Executive Officer of Clear Secure, Inc. (the “Company”), certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Clear Secure, Inc.

Date:	May 8, 2024	By:	/s/ Caryn Seidman Becker
			Caryn Seidman Becker
			Chairman and Chief Executive Officer
			(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth Cornick, President and Chief Financial Officer of Clear Secure, Inc. (the "Company"), certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Clear Secure, Inc.

Date:	May 8, 2024	By:	/s/ Kenneth Cornick
			Kenneth Cornick
			President and Chief Financial Officer
			(Principal Financial Officer)