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 June 30, 2022

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.)
65 East 55th Street, 17th Floor, New York, NY	**10022**
(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 and 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. (Check one):

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 August 11, 2022:

Class A Common Stock par value $0.00001 per share	82,539,208
Class B Common Stock par value $0.00001 per share	1,042,234
Class C Common Stock par value $0.00001 per share	39,944,382
Class D Common Stock par value $0.00001 per share	26,459,821

Table of Contents

CLEAR SECURE, INC.

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

	June 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 339,736	$ 280,107
Accounts receivable	3,016	5,331
Marketable securities	333,933	335,228
Prepaid revenue share fee	13,031	10,272
Prepaid expenses and other current assets	12,869	22,140
Total current assets	702,585	653,078
Property and equipment, net	52,837	44,522
Right of use asset, net	23,890	—
Intangible assets, net	23,655	22,933
Goodwill	58,381	59,792
Restricted cash	29,307	29,019
Other assets	3,221	3,406
Total assets	$ 893,876	$ 812,750
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 10,556	$ 8,808
Accrued liabilities	95,438	67,220
Deferred revenue	225,986	188,563
Total current liabilities	331,980	264,591
Other long term liabilities	30,328	8,691
Total liabilities	362,308	273,282
Commitments and contingencies (Note 19)		
Class A common stock, $0.00001 par value- 1,000,000,000 shares authorized; 81,618,747 shares issued and 81,233,719 shares outstanding as of June 30, 2022	1	1
Class B common stock, $0.00001 par value—100,000,000 shares authorized; 1,042,234 shares issued and outstanding as of June 30, 2022	—	—
Class C common stock, $0.00001 par value—200,000,000 shares authorized; 40,430,682 shares issued and outstanding as of June 30, 2022	—	—
Class D common stock, $0.00001 par value—100,000,000 shares authorized; 26,705,315 shares issued and outstanding as of June 30, 2022	—	—
Accumulated other comprehensive loss	(1,095)	(103)
Treasury stock at cost, 385,028 shares as of June 30, 2022	—	—
Accumulated deficit	(53,638)	(36,130)
Additional paid-in capital	344,922	313,845
Total stockholders' equity attributable to Clear Secure, Inc.	290,190	277,613
Non-controlling interest	241,378	261,855
Total stockholders' equity	531,568	539,468
Total liabilities and stockholders' equity	$ 893,876	$ 812,750

See notes to condensed consolidated financial statements

12313CLEAR SECURE, INC.

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

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revenue	**$ 102,723**	**$ 55,178**	**$ 193,262**	**$ 105,736**
Operating expenses:				
Cost of revenue share fee	12,313	8,300	24,455	16,069
Cost of direct salaries and benefits	25,313	15,836	48,293	27,985
Research and development	14,333	10,941	29,845	19,946
Sales and marketing	11,365	10,901	19,191	15,857
General and administrative	48,193	44,282	94,119	71,474
Depreciation and amortization	4,328	2,664	8,712	5,202
Operating loss	**(13,122)**	**(37,746)**	**(31,353)**	**(50,797)**
Other income (expense):				
Interest income (expense), net	187	(142)	194	(213)
Other income (expense), net	465	—	197	—
Loss before tax	**(12,470)**	**(37,888)**	**(30,962)**	**(51,010)**
Income tax benefit (expense)	147	(211)	(155)	(217)
Net loss	**(12,323)**	**(38,099)**	**(31,117)**	**(51,227)**
Less: net loss attributable to non-controlling interests	(5,168)	(36,095)	(13,635)	(49,223)
Net loss attributable to Clear Secure, Inc.	**$ (7,155)**	**$ (2,004)**	**$ (17,482)**	**$ (2,004)**
Net loss per share of Class A Common Stock and Class B Common Stock (Note 17)				
Net loss per common share basic and diluted, Class A	$ (0.09)	$ (0.03)	$ (0.23)	$ (0.03)
Net loss per common share basic and diluted, Class B	$ (0.09)	$ (0.03)	$ (0.23)	$ (0.03)
Weighted-average shares of Class A Common Stock outstanding	79,420,204	57,371,788	78,053,957	57,371,788
Weighted-average shares of Class B Common Stock outstanding	1,042,234	1,042,234	1,042,234	1,042,234

See notes to condensed consolidated financial statements

CLEAR SECURE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)
(dollars in thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net loss	$ (12,323)	$ (38,099)	$ (31,117)	$ (51,227)
Other comprehensive loss				
Foreign currency translation	$ (74)	$ 3	$ (124)	$ 3
Unrealized loss on fair value of marketable securities	$ (709)	$ 3	$ (1,751)	$ 28
Total other comprehensive loss	$ (783)	$ 6	$ (1,875)	$ 31
Comprehensive loss	**$ (13,106)**	**$ (38,093)**	**$ (32,992)**	**$ (51,196)**
Less: comprehensive loss attributable to non-controlling interests	$ (5,529)	$ (36,089)	$ (14,517)	$ (49,192)
Comprehensive loss attributable to Clear Secure, Inc.	**$ (7,577)**	**$ (2,004)**	**$ (18,475)**	**$ (2,004)**

See notes to condensed consolidated financial statements

CLEAR SECURE, INC.

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

(dollars in thousands, except per 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, 2022	**76,393,256**	**$ 1**	**1,042,234**	**$ —**	**44,598,167**	**$ —**	**26,709,821**	**$ —**	**$ 313,845**	**$ (103)**	**223,069**	**$ —**	**$ (36,130)**	**$ 277,613**	**$ 261,855**	**539,468**
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(10,327)	(10,327)	(8,467)	(18,794)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	(570)	—	—	—	(570)	(521)	(1,091)
Equity-based compensation expense, net of forfeitures	(60,349)	—	—	—	—	—	—	—	7,365	—	60,349	—	—	7,365	5,694	13,059
Warrant expense	—	—	—	—	—	—	—	—	37	—	—	—	—	37	34	71
Exchange of shares	1,025,318	—	—	—	(1,020,812)	—	(4,506)	—	2,606	—	—	—	—	2,606	(2,606)	—
Exercise of warrants	1,207,931	—	—	—	—	—	—	—	3,070	—	—	—	—	3,070	(3,070)	—
IPO expenses	—	—	—	—	—	—	—	—	(156)	—	—	—	—	(156)	(141)	(297)
Balance, March 31, 2022	**78,566,156**	**$ 1**	**1,042,234**	**$ —**	**43,577,355**	**$ —**	**26,705,315**	**$ —**	**$ 326,767**	**$ (673)**	**283,418**	**$ —**	**$ (46,457)**	**$ 279,638**	**$ 252,778**	**$ 532,416**
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(7,155)	(7,155)	(5,168)	(12,323)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	(422)	—	—	—	(422)	(361)	(783)
Equity-based compensation expense, net of forfeitures	(101,610)	—	—	—	—	—	—	—	7,105	—	101,610	—	—	7,105	5,150	12,255
Issuance of restricted stock units	7,528	—	—	—	—	—	—	—	27	—	—	—	—	27	(27)	—
Tax distribution to members	—	—	—	—	—	—	—	—	—	—	—	—	(26)	(26)	(22)	(48)
Warrant expense	—	—	—	—	—	—	—	—	28	—	—	—	—	28	23	51
Exchange of shares	3,146,673	—	—	—	(3,146,673)	—	—	—	10,995	—	—	—	—	10,995	(10,995)	—
Balance, June 30, 2022	**81,618,747**	**$ 1**	**1,042,234**	**$ —**	**40,430,682**	**$ —**	**26,705,315**	**$ —**	**$ 344,922**	**$ (1,095)**	**385,028**	**$ —**	**$ (53,638)**	**$ 290,190**	**$ 241,378**	**$ 531,568**

See notes to condensed consolidated financial statements

CLEAR SECURE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CAPITAL UNITS AND STOCKHOLDERS' EQUITY (UNAUDITED)

(dollars in thousands, except per share data)

		Class A		Class B		Class C		Class D			Profit Units						
	Total redeemable capital units	**Number of shares**	**Amount**	**Number of Shares**	**Amount**	**Number of Shares**	**Amount**	**Number of Shares**	**Amount**	**Additional paid in capital**	**Number of Units**	**Amount**	**Accumulated other comprehensive income**	**Accumulated deficit**	**Total stockholders' equity attributable to Clear Secure, Inc.**	**Non-Controlling Interest**	**Total stockholders' equity**
Balance, January 1, 2021	**$ 569,251**	**—**	**$ —**	**—**	**$ —**	**—**	**$ —**	**—**	**$ —**	**—**	**1,868,322**	**$ 7,846**	**$ 27**	**$ (494,769)**	**$ (486,896)**	**—**	**$ (486,896)**
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(13,128)	(13,128)	—	(13,128)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	—	—	25	—	25	—	25
Issuance of member units, net of costs	81,567	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Repurchase and retirement of capital units	(439)	—	—	—	—	—	—	—	—	—	—	—	—	(3,005)	(3,005)	—	(3,005)
Repurchase, forfeitures and retirement of profit units	—	—	—	—	—	—	—	—	—	—	(71,247)	(56)	—	(8,246)	(8,302)	—	(8,302)
Warrant expense	281	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity-based compensation expense, net of forfeitures	—	—	—	—	—	—	—	—	—	—	—	327	—	—	327	—	327
Balance, March 31, 2021	**$ 650,660**	**—**	**$ —**	**—**	**$ —**	**—**	**$ —**	**—**	**$ —**	**$ —**	**1,797,075**	**$ 8,117**	**$ 52**	**$ (519,148)**	**$ (510,979)**	**$ —**	**$ (510,979)**
Net loss prior to reorganization transaction	—	—	—	—	—	—	—	—	—	—		—	—	(33,720)	(33,720)	—	(33,720)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6	6
Equity-based compensation expense, net of forfeitures	—	—	—	—	—	—	—	—	—	1,786	(26,925)	353	—	—	2,139	2,114	4,253
Warrant expense	819	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exercise of warrants prior to the reorganization transaction	34,224	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Tax distribution to members	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,018)	(4,018)	—	(4,018)
Effect of reorganization transaction	(685,703)	59,240,306	1	1,042,234	—	—	—	—	—	62,858	(1,770,150)	(8,470)	(52)	556,886	611,223	74,480	685,703
Issuance of common stock upon reorganization	—	—	—	—	—	44,598,167	—	26,709,821	—	—	—	— —	—	—	—	—	—
Net loss post reorganization transaction	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,004)	(2,004)	(2,375)	(4,379)
Balance, June 30, 2021	**—**	**59,240,306**	**$ 1**	**1,042,234**	**$ —**	**44,598,167**	**$ —**	**26,709,821**	**$ —**	**$ 64,644**	**—**	**$ —**	**$ —**	**$ (2,004)**	**$ 62,641**	**$ 74,225**	**$ 136,866**

See notes to condensed consolidated financial statements

CLEAR SECURE, INC.

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

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Cash flows from operating activities:		
Net loss	$ (31,117)	$ (51,227)
Adjustments to reconcile net loss to net cash provided from operating activities:		
Depreciation on property and equipment	7,079	5,191
Amortization on intangible assets	1,634	11
Noncash lease expense	1,457	—
Impairment of long-lived assets	313	—
Equity-based compensation	25,436	6,504
Warrant liabilities	—	12,796
Deferred income tax expense (benefit)	(21)	—
Amortization of revolver loan costs	397	—
Amortization, net on marketable securities	359	—
Changes in operating assets and liabilities:		
Accounts receivable	2,315	(528)
Prepaid expenses and other assets	8,444	2,313
Prepaid revenue share fee	(2,759)	(1,443)
Accounts payable	1,533	(1,296)
Accrued and other long term liabilities	25,057	4,719
Deferred revenue	37,423	26,305
Operating lease liabilities	(1,695)	—
Deferred rent	—	(261)
Net cash provided by operating activities	**75,855**	**3,084**
Cash flows from investing activities:		
Purchases of marketable securities	(341,072)	(63,973)
Sales of marketable securities	341,072	63,988
Purchases of property and equipment	(15,214)	(15,210)
Purchase of intangible assets	(257)	(263)
Net cash used in investing activities	**(15,471)**	**(15,458)**
Cash flows from financing activities:		
Repurchase of members' deficit	—	(11,744)
Distribution to members	(36)	(4,018)
Proceeds from issuance of members' deficit, net of cost	—	80,277
Issuance of warrants	—	289
Proceeds from the exercise of warrants	—	2,575
Payment of issuance costs	(297)	(2,135)
Payment of revolver loan costs	—	(718)
Net cash (used in) provided by financing activities	**(333)**	**64,526**
Net increase in cash, cash equivalents, and restricted cash	60,051	52,152
Cash, cash equivalents, and restricted cash, beginning of period	309,126	139,082
Exchange rate effect on cash and cash equivalents, and restricted cash	(134)	—
Cash, cash equivalents, and restricted cash, end of period	**$ 369,043**	**$ 191,234**

	June 30, 2022	June 30, 2021
Cash and cash equivalents	$ 339,736	$ 168,302
Restricted cash	29,307	22,932
Total cash, cash equivalents, and restricted cash	**$ 369,043**	**$ 191,234**

See notes to condensed consolidated financial statements

CLEAR SECURE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in thousands, except for 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”). Alclear was formed as a Delaware limited liability company on January 21, 2010 and operates under the terms of the Amended and Restated Operating Agreement dated June 29, 2021 (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 nationwide; the flagship CLEAR App including Home to Gate and Health Pass; and Reserve powered by CLEAR, our virtual queuing technology that enables customers to manage lines.

Reorganization and Initial Public Offering

On June 29, 2021, prior to the completion of the initial public offering (“IPO”) of the Company’s shares of Class A common stock, $0.00001 par value per share (the “Class A Common Stock”), the Company, Alclear and its subsidiaries consummated an internal reorganization (the “Reorganization”) which resulted in the following:

- Clear Secure, Inc. became the sole managing member of Alclear.

- The certificate of incorporation of Clear Secure, Inc. was amended and restated to authorize the Company to issuefour classes of Common Stock: Class A Common Stock, Class B common stock, $0.00001 par value per share (the “Class B Common Stock”), Class C common stock, $0.00001 par value per share (the “Class C Common Stock”) and Class D common stock, $0.00001 par value per share (the “Class D Common Stock” and, together with the Class A Common Stock, Class B Common Stock and Class C Common Stock, collectively, “Common Stock”). The Class A Common Stock and Class C Common Stock provide holders with one vote per share on all matters submitted to a vote of stockholders, and the Class B Common Stock and Class D Common Stock provide holders with twenty votes per share on all matters submitted to a vote of stockholders. The holders of Class C Common Stock and Class D Common Stock do not have any of the economic rights (including rights to dividends and distributions upon liquidation) provided to holders of Class A Common Stock and Class B Common Stock.

- All of Alclear’s outstanding equity interests (including Class A units, Class B units and profit units) were reclassified into Alclear non-voting common units (“Alclear Units”). The number of Alclear Units issued to each member of Alclear was determined based on a hypothetical liquidation of Alclear and the initial public offering price per share of the Company’s Class A Common Stock in the IPO. Certain members exchanged their Alclear Units for an equal number of Class A Common Stock.

- Alclear Investments, LLC, an entity controlled by Caryn Seidman-Becker, the Chair of our Board, our Co-Founder and our Chief Executive Officer, and Alclear Investments II, LLC, an entity controlled by Kenneth Cornick, our Co-Founder, President and Chief Financial Officer, contributed a portion of their Alclear Units to us in exchange for Class B Common Stock.

- The remaining members of Alclear, including Alclear Investments, LLC and Alclear Investments II, LLC (“Alclear members”) subscribed for and purchased shares of the Company’s Class C Common Stock and Class D Common Stock at a purchase price of $0.00001 per share and in an amount equal to the number of Alclear Units held by such members.

- 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.

- Alclear is treated as a partnership for U.S. federal income tax purposes and, as such, is itself generally not subject to U.S. federal income tax under current U.S. tax laws. Clear Secure, Inc, as a member of Alclear, will be required to take into account for U.S. federal income tax purposes its distributive share of the items of income, gain, loss and deduction of Alclear.

As the Reorganization is considered a transaction between entities under common control, the condensed consolidated financial statements for periods prior to the IPO and Reorganization have been adjusted to combine the previously separate entities for presentation purposes. Prior to the Reorganization, Clear Secure, Inc. had not engaged in any business or other activities, except in connection with its formation.

On July 2, 2021, the Company completed the IPO of its Class A Common Stock. In the IPO, the Company sold an aggregate of15,180,000 shares of Class A Common Stock, $0.00001 par value per share, at an offering price of $31 per share including as a result of the underwriters exercising their option to purchase up to1,980,000 shares of Class A Common Stock. As a result, Clear Secure, Inc. received net proceeds from the IPO of approximately $445,875 after deducting underwriting discounts and commissions. As a result of the IPO, the Company contributed the net IPO proceeds to Alclear in exchange for 15,180,000 Alclear Units. For the six months ended June 30, 2022, and the year ended December 31, 2021, the Company incurred $297 and $9,038 of issuance related costs as a result of the IPO, respectively, that were recorded within additional paid in capital within the condensed consolidated balance sheets.

Recently Adopted Accounting Pronouncements

Emerging Growth Company Status

The Company is an emerging growth company ("EGC"), as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies, until the earlier of the date that it (i) is no longer an EGC or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these condensed consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Leases

As of January 1, 2022, the Company adopted ASU No. 2016-02, Leases (Topic 842) (ASU 2016-02) on a modified retrospective basis with respect to all lease arrangements that existed as of the adoption date. Refer to Note 8 for further details.

Current Expected Credit Losses

As of January 1, 2022, the Company adopted, ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13). There was no significant impact within the condensed consolidated financial statements as a result of adoption.

Other Recent Accounting Pronouncements Adopted and New Standards and Interpretations Not Yet Effective

Other than the items discussed above, there are no standards issued by the FASB and adopted by the Company effective as of January 1, 2022 that had a material impact on the Company's condensed consolidated financial statements.

Additionally, other than disclosed below, there are no standards that are not yet effective that are expected to have a material impact on the Company's condensed consolidated financial statements.

Business Combinations

In October 2021, the FASB issued ASU No. 2021-08, Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers ("ASU 2021-08"). ASU 2021-08 addresses inconsistency related to the recognition and measurement of contract assets and contract liabilities acquired in a business combination. ASU 2021-08 requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination as if it had originated the contracts, in accordance with Topic 606, Revenue from Contracts with Customers. The guidance is effective for fiscal years beginning after December 15, 2022 and interim periods within those fiscal years. Early adoption of the amendments is permitted and an entity that early adopts should apply the amendments (1) retrospectively to all business combinations for which the acquisition date occurs on or after the beginning of the fiscal year that includes the interim period of early application and (2) prospectively to all business combinations that occur on or after the date of initial application. The Company continues to evaluate the impact of this standard on its condensed consolidated financial statements.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The condensed consolidated financial statements of the Company have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America ("U.S. GAAP") for complete financial statements and 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 (the "Form 10-K).

Preparing financial statements requires management to make estimates and assumptions that affect the amounts that are reported in the financial statements and the accompanying disclosures, including the vesting of share-based and other deferred compensation plan awards. Although these estimates are based on management's knowledge of current events and actions that the Company may undertake in the future, actual results may differ materially from the estimates.

Intercompany transactions and balances are eliminated upon consolidation.

The Company has one operating and reportable segment, which includes the operations of the businesses acquired during the year ended December 31, 2021.

Items included in the financial statements of each of the Company's consolidated entities are measured using the currency of the primary economic environment in which the entity operates. The condensed consolidated financial statements are presented in US Dollars, which is the Company's reporting currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period-end exchange rates are recognized in other income (expense), net within the condensed consolidated statement of operations.

The results and financial position of all the Company entities that have a functional currency different from the Company's reporting currency are translated into US Dollars as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses for each statement of operation are translated at average exchange rates; and
- All resulting exchange differences are recognized in other comprehensive loss.

3. Business Combinations

During the year ended December 31, 2021, the Company completedtwo acquisitions, which are described further below. Both acquisitions were accounted for as business combinations. The goodwill for both acquisitions represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including expected future synergies and technical expertise of the acquired workforce

For both acquisitions, the intangible assets acquired primarily relate to existing technology, customer relationships and brand names. The useful life of these intangible assets range from 3-11 years. The Company valued the intangible assets using the relief from royalty method and the multi-period excess earnings method, both under the income approach.

For both acquisitions, the Company's allocation of purchase price was based upon valuations performed to determine the fair value of the net assets as of the acquisition date and is therefore subject to adjustments for up to one year after the closing date of the acquisition to reflect final valuations.

As a result of the acquisitions, the Company recognized $1,391 of acquisition-related costs during the year ended December 31, 2021, which are recorded in general and administrative within the condensed consolidated statement of operations. Revenues and operating loss related to these acquisitions for the three months and six months ended June 30, 2022 were not material to the condensed consolidated financial statements. Refer below for additional details on the acquisitions.

Whyline, Inc.

On December 29, 2021, Alclear acquired 100% of Whyline, Inc., a provider of virtual queuing and appointment technology that the Company operates under the product name, Reserve powered by CLEAR.

The cash consideration of $67,500 was transferred upon closing, and there was an estimated contingent consideration of $100. The acquisition was accounted for as a business combination. In the Company's preliminary allocation of the purchase consideration, $54,792 was initially recorded as goodwill, $16,601 as acquired intangible assets, $3,792 as net deferred tax liabilities and $99 as net operating assets on the condensed consolidated balance sheets. None of the goodwill recognized is expected to be deductible for tax purposes. During the three months ended March 31, 2022, and in accordance with the election described above, the Company recorded a $1,411 decrease to goodwill, a $2,100 increase to acquired intangible assets and a $689 increase to deferred tax liabilities. The Company did not record any such adjustments for the three months ended June 30, 2022. The accounting for the acquisition is not complete as the valuation for certain acquired assets and liabilities have not been finalized. These final valuations of the assets and liabilities could have a material impact on the preliminary purchase price allocation disclosed above.

In conjunction with the acquisition, the Company entered into an agreement to issue shares of Class A Common Stock upon satisfaction of terms related to the contingent consideration and remuneration for post-combination services (collectively referred to as the "Earn-Out"). The first tranche will be settled upon the achievement of specified operating metrics during the twelve month period ended December 31, 2022. The second tranche will be settled upon the achievement of specified operating metrics during the twelve month period ended December 31, 2023.

The maximum settlement of the contingent consideration is $6,666, which is not subject to the satisfaction of service based criteria. For remuneration for post-combination services, there is a maximum settlement of $13,334 that is based on performance and service based criteria being met; portions of these amounts will automatically be forfeited if the employment of specified individuals terminates prior to the end of the Earn-Out period. To the extent probable, the post-combination remuneration amount is allocated evenly to the 2022 operating metrics and 2023 operating metrics targets. The Company has not recorded any compensation expense for three months and six months ended June 30, 2022 as the performance criteria is not probable.

The estimated fair value of the contingent consideration is determined using an option pricing model and is based upon available information and certain assumptions, known as of the reporting date, which management believes are reasonable. Any differences in the actual contingent consideration liability compared to the fair value as of the previous reporting date will be recorded within general and administrative within the condensed consolidated statements of operations. The Company has not recorded any fair value adjustments on its contingent consideration for three months and six months ended June 30, 2022 as there was no change in assumptions.

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

The final number of shares to be issued upon satisfaction of the Earn-Out will be based on the average of the volume-weighted average trading price on the New York Stock Exchange for one share of Class A Common Stock for each of the 30 full trading days ending on and including the full trading day immediately prior to the applicable Earn-Out payment date.

Atlas Certified, LLC.

On December 30, 2021, Alclear acquired certain assets of Atlas Certified, LLC, which provides an automated solution to verify professional licenses and certification data across industries by communicating with certifying organizations for on demand, current and trusted data.

The fair value of the purchase consideration was $9,000. The acquisition was accounted for as a business combination. In the Company's preliminary allocation of the purchase consideration $5,000 was recorded as goodwill and $4,000 as acquired intangible assets on the condensed consolidated balance sheets. The goodwill recognized is expected to be deductible for tax purposes. During the three months and six months ended June 30, 2022 , there were no adjustments to the preliminary allocation. The accounting for the acquisition is not complete as the valuation for certain acquired assets and liabilities have not been finalized. These final valuations of the assets and liabilities could have a material impact on the preliminary purchase price allocation disclosed above.

4. Revenue

The Company derives substantially all of its revenue from subscriptions to its consumer aviation service, CLEAR Plus. For the three and six months ended June 30, 2022 and 2021, no individual airport accounted for more than 10% of membership revenue.

Revenue by Geography

For the three and six months ended June 30, 2022 and 2021, 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 as of June 30:

	2022	2021
Balance as of January 1	$ 188,563	$ 101,542
Deferral of revenue	227,462	131,895
Recognition of deferred revenue	(190,039)	(105,590)
Balance as of June 30	**$ 225,986**	**$ 127,847**

The Company has obligations for refunds and other similar items of $3,051 as of June 30, 2022. The Company does not have any material variable consideration.

5. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets as of June 30, 2022 and December 31, 2021 consist of the following:

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

	June 30, 2022	December 31, 2021
Prepaid software licenses	$ 6,087	$ 4,347
Coronavirus aid, relief, and economic security act retention credit	1,734	2,036
Prepaid insurance costs	182	2,845
Other current assets	4,866	12,912
Total	**$ 12,869**	**$ 22,140**

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. For the year ended December 31, 2020, the Company recorded a receivable of $2,036 related to submissions made under the CARES Act. During the three months ended June 30, 2022, the Company received partial payment on this receivable and expects to receive the remainder of the balance in the next twelve months.

6. 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:

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 assets and liabilities measured at fair value.

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.

Contingent consideration – Valued at fair value using a simulation of targeted outcomes.

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

Warrant liabilities – The Company had certain outstanding warrant liabilities prior to the Reorganization. These were valued based on significant inputs not observed in the market and, thus, represented a Level 3 measurement. The Company estimated the fair value of the liability using the Black-Scholes option pricing model and the change in fair value was recognized in general and administrative expenses. Refer to Note 13 for further information.

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

	June 30, 2022	December 31, 2021
Due within 1 year	$ 292,095	$ 288,036
Total marketable securities	**$ 292,095**	**$ 288,036**

	Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Commercial paper	$ —	$ 105,044	$ —	$ 105,044
U.S. Treasuries	82,121	—	—	82,121
Corporate bonds	—	140,914	—	140,914
Total assets in the fair value hierarchy	82,121	245,958	—	328,079
Money market funds measured at NAV[(a)]	—	—	—	5,854
Total assets at fair value	**$ 82,121**	**$ 245,958**	**$ —**	**$ 333,933**
Contingent consideration	—	—	(100)	(100)
Total liabilities at fair value	**$ —**	**$ —**	**$ (100)**	**$ (100)**

	Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Commercial paper	$ —	$ 128,867	$ —	$ 128,867
U.S. Treasuries	82,472	—	—	82,472
Corporate bonds	—	114,965	—	114,965
Total assets in the fair value hierarchy	82,472	243,832	—	326,304
Money market funds measured at NAV[(a)]	—	—	—	8,924
Total assets at fair value	**$ 82,472**	**$ 243,832**	**$ —**	**$ 335,228**
Contingent consideration	—	—	$ (100)	(100)
Total liabilities at fair value	**$ —**	**$ —**	**$ (100)**	**$ (100)**

(a) Certain 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.

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

The Company had no continuous unrealized loss position from marketable securities as of June 30, 2022 that was a result of a credit deterioration.

The following table provides a summary of changes in fair value of the Company’s Level 3 warrant liabilities prior to the Reorganization. The Company has no outstanding warrant liabilities as of June 30, 2022.

Balance as of January 1, 2021	$	(17,740)
Warrants issued		(289)
Issuance of equity upon exercise of certain warrants		30,206
Reclassification of certain warrant liabilities to equity		619
Fair value adjustments		(12,796)
Balance prior to Reorganization	**$**	**—**

See Note 13 for further information regarding warrants.

Contingent consideration

The following table provides a summary of changes in fair value of the Company’s Level 3 contingent consideration, issued in conjunction with the acquisition of Whyline, Inc.

Balance as of January 1, 2022	$	(100)
Fair value adjustments		—
Balance as of June 30, 2022	**$**	**(100)**

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.

7. Property and Equipment, net

Property and equipment as of June 30, 2022 and December 31, 2021 consist of the following:

	Depreciation period in years		June 30, 2022		December 31, 2021
Internally developed software	3 - 5	$	47,827	$	40,788
Acquired software	3		6,441		6,396
Equipment	5		27,261		26,322
Leasehold improvements	1-10		7,752		7,671
Furniture and fixtures	5		2,299		2,281
Construction in progress			9,511		2,239
Total property and equipment, cost			101,091		85,697
Less: accumulated depreciation			(48,254)		(41,175)
Total property and equipment, net		**$**	**52,837**	**$**	**44,522**

Depreciation and amortization expense related to property and equipment for the three months ended June 30, 2022 and 2021 was $3,578 and $2,657, respectively. Depreciation and amortization expense related to property and equipment for the six months ended June 30, 2022 and 2021, was $7,079 and $5,191, respectively.

During the six months ended June 30, 2022, $7,039 was capitalized in connection with internally developed software. Amortization expense on internally developed software was $1,810 and $1,255 for the three months ended June 30, 2022 and

2021, respectively. Amortization expense on internally developed software was $3,472 and $2,385 for the six months ended June 30, 2022 and 2021, respectively.

During the three and six months ended June 30, 2022, the Company recognized impairment charges of $0 and $313, respectively, on certain long-lived assets within other income (expense), net in the condensed consolidated statements of operations. The Company did not record any such charges for the three and six months ended June 30, 2021.

Purchases of property and equipment with unpaid costs in accounts payable and accrued liabilities as of June 30, 2022 were $1,732 and $577, respectively, and $134 and $887 as of June 30, 2021, respectively.

8. Leases

As discussed in Note 2, on January 1, 2022, the Company adopted the new accounting standard ASC 842, Leases, using the modified retrospective method. As a result, and as permitted by the standard, the Company has not updated financial information or related disclosures under ASC 842 for, periods prior to January 1, 2022. Upon adoption, the Company recognized $25,346 of right of use ("ROU") assets, $29,139 of lease liabilities and derecognized $3,793 of deferred rent on the condensed consolidated balance sheets. The short term portion of the operating lease liabilities is included within accrued liabilities and the long term portion is included within other long term liabilities on the condensed consolidated balance sheets.

The Company has entered into agreements to lease certain office spaces. These leases require monthly lease payments that may be subject to annual increases throughout the lease term. Certain of these leases also include renewal options at the election of the Company to renew or extend the lease for an additional three years. Additionally, certain of these leases contain termination options. These optional periods have not been considered in the determination of the ROU assets or lease liabilities as the Company did not consider it reasonably certain it would exercise the options. The Company performed evaluations of its contracts and determined it only has operating leases. The lease terms are between 1 and 12 years.

Most of the Company's lease agreements require payment of certain operating expenses in addition to base rent, such as taxes, insurance and maintenance costs. As allowed under ASC 842, the Company considers these as non-lease components and has elected to exclude these components from the measurement of its lease liabilities. The Company has also elected to apply the recognition requirement of ASC 842 to leases with a term of 12 months or less for all classes of assets.

The Company has elected to utilize the following practical expedients available under the transition guidance in ASC 842:

- The Company did not reassess whether any expired or existing contracts are or contain leases;
- The Company did not reassess the lease classification for any expired or existing leases; and
- The Company did not reassess initial direct costs for any existing leases.

The Company did not elect the practical expedient available under the transition guidance in ASC 842 to use hindsight in determining the lease term and in assessing impairment of the Company's ROU assets.

The Company determines if an arrangement is a lease at inception and recognizes ROU assets and lease liabilities upon commencement. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The classification of the Company's leases as operating or finance leases along with the initial measurement and recognition of the associated ROU assets and lease liabilities is performed at the lease commencement date. The measurement of lease liabilities is based on the present value of future lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future lease payments. The ROU asset is based on the measurement of the lease liability and also includes any lease payments made prior to or on lease commencement and excludes lease incentives and initial direct costs incurred, as applicable. Rent expense for the Company's operating leases is recognized on a straight-line basis over the lease term.

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

The Company has an additional operating lease for real estate space to house the Company’s corporate headquarters. The lease agreement provides for a commencement on the later of October 1, 2022 or the date on which the landlord delivers possession of the premises with certain agreed upon completed improvements to be made by the landlord. The term of the lease is fifteen years after the date the rent obligations begin, with an option to renew forone 5-year period or 10-year period at Fair Market Value (as defined in the lease agreement) by providing the landlord with eighteen months’ notice and meeting certain other requirements. The aggregate undiscounted future minimum lease payments are approximately $177,400 beginning on April 1, 2023 and ending on April 1, 2038. The lease has not been recognized on the Company's condensed consolidated balance sheets. This operating lease is expected to commence in late 2022.

Below is a reconciliation of the amounts reported on the condensed consolidated balance sheets with respect to the Company’s operating leases:

	June 30, 2022
2022	$ 2,299
2023	3,729
2024	4,402
2025	4,478
2026	4,478
Thereafter	12,868
Total future operating lease payments	32,254
Less: imputed interest	(4,815)
Lease liabilities, current	3,162
Lease liabilities, non-current	24,277
Total lease liabilities	**$ 27,439**

The weighted-average incremental borrowing rate applied to lease liabilities at the date of adoption was4.3%. Additionally, the weighted-average remaining lease term as of June 30, 2022 was 7.4 years.

Total operating lease expense recognized on the condensed consolidated statements of operations for the three and six months ended June 30, 2022 was $1,035 and $2,070, respectively. Cash paid for amounts included in the measurement of operating lease liabilities for the three and six months ended June 30, 2022 was $1,155 and $2,310, respectively.

9. Intangible Assets, net and Goodwill

See below for Intangible assets, net and Goodwill as of June 30, 2022 and December 31, 2021:

	Amortization Period in Years	June 30, 2022	December 31, 2021
Patents	20	$ 2,372	$ 2,115
Acquired intangibles	1-10	22,700	20,601
Other indefinite lived intangible assets		310	310
Total intangible assets, cost		25,382	23,026
Less: accumulated amortization		(1,727)	(93)
Intangible assets, net		**$ 23,655**	**$ 22,933**
Goodwill		**$ 58,381**	**$ 59,792**

Acquired intangibles, net as of June 30, 2022 and December 31, 2021 is comprised of the following:

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

	Amortization Period in Years	June 30, 2022	December 31, 2021
Technology	3	$ 4,300	$ 4,300
Customer relationships	11	$ 17,900	$ 15,801
Brand names	5	$ 500	$ 500
Total intangible assets, cost		$ 22,700	$ 20,601
Less: accumulated amortization		$ (1,580)	$ —
Total acquired intangibles, net		**$ 21,120**	**$ 20,601**

Amortization expense on intangible assets for the three months ended June 30, 2022 and 2021 was $739 and $7, respectively. Amortization expense on intangible assets was $1,634 and $11 for the six months ended June 30, 2022 and 2021, respectively. The Company didnot recognize any impairment charges on intangible assets, net or goodwill for the periods presented.

10. Restricted Cash

As of June 30, 2022 and December 31, 2021, the Company maintained bank deposits of $13,307 and $6,938, respectively, which were pledged as collateral for long-term letters of credit issued in favor of airports, in connection with the Company's obligations under the revenue share agreements. Such amounts also include a letter of credit for the Company's New York City corporate headquarters lease agreement entered into in 2021.

In addition, the Company also has a $16,000 restricted cash account against a letter of credit with a credit card company as a reserve against potential future refunds and chargebacks as of June 30, 2022 and December 31, 2021.

11. Other Assets

Other assets consist of the following of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Security deposits	$ 257	$ 242
Loan fees	178	376
Certificates of deposit	459	459
Other long-term assets	2,327	2,329
Total	**$ 3,221**	**$ 3,406**

12. Accrued Liabilities and Other Long Term Liabilities

Accrued liabilities consist of the following as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Accrued compensation and benefits	$ 13,383	$ 18,133
Accrued partnership liabilities	67,166	33,442
Lease liability	3,162	—
Other accrued liabilities	11,727	15,645
Total	**$ 95,438**	**$ 67,220**

The Company has estimated accrued partnership liabilities related to a portion of merchant credit card benefits that it expects to fund in the third quarter of 2022.

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

Other long term liabilities consist of the following as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Deferred tax liability	$ 4,459	$ 3,792
Lease liability	24,277	—
Other accrued liabilities	1,592	4,899
Total	**$ 30,328**	**$ 8,691**

13. Warrants

Historically, Alclear issued warrants for certain holders to purchase shares of Class B redeemable capital units. These warrants were generally subject to performance-based vesting criteria, such as criteria related to new customer enrollments and technological innovations. The Company recognizes the expense for which vesting is probable on a straight-line basis over the requisite service period of the warrants, which generally ranges from three months to six years. For warrants that vest upon issuance, the entire cost is expensed immediately.

As of December 31, 2020, Alclear had658,382 equity warrants outstanding at a weighted-average exercise price of $222.15 and 70,000 liability warrants outstanding at a weighted-average exercise price of $36.74.

Prior to the Reorganization, in 2021, Alclear issued the following warrants for Class B redeemable capital units as follows:

	Number of Units	Weighted-average exercise price
Liability awards	1,000	$ 1.00
Equity awards	114,797	$ 194.85

The fair values of warrants granted in 2021 were estimated based on the Black-Scholes option pricing model using the weighted-average significant unobservable inputs (Level 3 inputs) as follows:

	2021
Risk-free interest rate	0.36% - 0.92%
Exercise price	$1.00-$290.00
Expected term	3-5 years
Expected volatility	45.0% - 50.8%

Prior to the Reorganization, certain warrant holders exercised their warrants for Class B redeemable capital units as follows:

	Number of Warrants	Weighted-average exercise price
Liability awards	70,000	$ 36.74
Equity awards	3,400	$ 1.00

On the date of exercise, the Company recognized a fair value adjustment to the outstanding liability classified warrants which was estimated based on a Black-Scholes option pricing model using the weighted-average significant unobservable inputs (Level 3 inputs) as follows:

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

Risk-free interest rate	0.16% -0.19%
Exercise price	$1.00- $36.74
Expected term	2-3 years
Expected volatility	35.1% - 45.0%

Subsequent to the Reorganization, there were no unvested warrants classified as liability awards.

As part of the Reorganization, the remaining Alclear warrants were either exchanged for Clear Secure, Inc. warrants representing the right to receive Class A Common Stock or remained at Alclear and continue to be exercisable for Alclear Units. The exchange was completed at an approximate 19.98 per unit ratio, using a cashless exercise conversion method. The Clear Secure, Inc. warrants are subject to the same vesting terms as applied to Alclear warrants and maintained the same fair value immediately before and after the exchange of the warrants. As such, there was no additional expense that was recorded as a result of the exchange of the warrants.

In December 2021, certain warrant holders exercised2,000,000 vested warrants with an intrinsic value of $54,120. In January 2022, the same warrant holders exercised 1,207,932 vested warrants with an intrinsic value of $32,457. These exercises resulted in the Company issuing shares of its Class A Common Stock and were completed in a cashless transaction.

The following warrants remained outstanding as of June 30, 2022:

	Classification	Number of Warrants	Weighted-Average Exercise Price	Weighted average Remaining Contractual Term (years)
Exercisable for Class A Common Stock	Equity awards	4,357,959	$ 0.01	0.49
Exercisable for Alclear Units	Equity awards	968,043	$ 0.01	2.21

During the three months ended June 30, 2022, the Company extended the term of certain warrants exercisable for Class A Common stock that were accounted for as equity awards for six months and concluded that the extension was a modification. As the performance of the award was not probable before or after modification, no amount was recorded related to the modification.

The outstanding warrants as of June 30, 2022 above exclude108,611 warrants that were not considered probable to vest and expired as of June 30, 2022.

As of June 30, 2022, there were4,357,959 outstanding warrants, of which 534,655 were vested warrants and exercisable for Class A Common Stock and194,108 warrants were vested and exercisable for Alclear Units.

The balance of the 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 likelihood of achievement of the vesting criteria, as of June 30, 2022 the Company's estimated unrecognized warrant expense is $271.

The Company recorded the following within general and administrative expense in the condensed consolidated statements of operations:

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Liability awards	$ —	$ 10,903	$ —	$ 12,796
Equity awards	$ 51	$ 1,643	$ 122	$ 1,922
Total	**$ 51**	**$ 12,546**	**$ 122**	**$ 14,718**

14. Redeemable Capital Units

Prior to the Reorganization and IPO, Alclear's redeemable capital units were comprised of Class A and Class B redeemable capital units, which contained similar capital voting and economic rights. Class A and Class B redeemable capital units were classified as temporary equity given the redemption features that were outside of Alclear's control.

As of December 31, 2020, there were 261,942 Class A redeemable capital units authorized, issued and outstanding. As of December 31, 2020, there were 5,631,085 Class B redeemable capital units authorized, and 4,621,459 Class B redeemable capital units issued and outstanding.

Prior to the Reorganization, during the six months ended June 30, 2021, Alclear issued 277,813 Class B units through private offerings resulting in gross proceeds of $80,566 and issued 5,310 Class B units with a fair value of $1,540 in exchange for services related to the private offerings. In addition, Alclear repurchased and retired 11,869 Class B units for a total repurchase of $3,442. Alclear also issued 70,000 Class B units upon the exercise of certain warrants for exercise proceeds of $2,575.

Upon the Reorganization, the Class A and B redeemable capital units were converted to Alclear Units in an aggregate amount equal to the total equity value of all outstanding units. As described in Note 1, certain of the Alclear Units received upon conversion of the Class A and B redeemable capital units were exchanged for either Class A Common Stock or Class B Common Stock.

15. Stockholders' Equity

Members' Equity

Prior to the Reorganization, the Company had 21,042 authorized and 0 issued and outstanding Class C Capital Units, which were granted to employees as part of the Company's annual compensation process.

Prior to the Reorganization, Alclear also had 27 classes of nonvoting, non-capital units, of which 16 were issued as equity-based compensation and reflects equity-based compensation recorded for units granted and expected to vest based on the probability of achieving performance-based vesting conditions. From time to time, Alclear repurchased vested profit units and, to the extent the amount paid for profit units repurchased was in excess of the fair value, such excess was recorded in accumulated deficit.

Prior to the Reorganization, during 2021, the Company repurchased 31,972 profit units for a total repurchase of $8,259. Since such repurchases were at amounts that exceeded the then fair value of the units, the Company recorded expense of $712 for the three and six months ended June 30, 2021 within the condensed consolidated statements of operations.

Common Stock

As discussed in Note 1, upon the Reorganization, the Company issued 59,240,306 shares of Class A Common Stock and 1,042,234 shares of Class B Common Stock in exchange for an equivalent amount of Alclear Units. In addition, Alclear members purchased 44,598,167 shares of Class C Common Stock and Alclear Investments, LLC and Alclear Investments II, LLC collectively purchased 26,709,821 shares of Class D Common Stock equal to the number of Alclear Units held by the members of Alclear ("Alclear Members").

As part of the IPO, the Company issued an additional 15,180,000 shares of Class A Common Stock on July 2, 2021.

Treasury Stock

The Company's treasury stock consists of forfeited Restricted Stock Awards that are legally issued shares held by the Company, as well as any shares repurchased under the Company's share repurchase program, that can be utilized to settle equity-based compensation awards issued by the Company and is recorded at par value. These shares are excluded from the calculation of the non-controlling interest ownership percentage.

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

Non-Controlling Interest

The non-controlling interest balance represents the economic interest in Alclear held by the founders and members of Alclear. The following table summarizes the ownership of Alclear Units as of June 30, 2022:

	Alclear Units	Ownership Percentage
Alclear Units held by post-reorganization members	40,240,124	27.06 %
Alclear Units held by Alclear Investments, LLC and Alclear Investments II, LLC	26,705,315	17.96 %
Total	**66,945,439**	**45.02 %**

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 six months ended June 30, 2022, 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 4,171,991 shares of Class A Common Stock and 4,506 shares of Class B Common Stock. The4,506 shares of Class B Common Stock were converted to shares of Class A Common Stock in connection with their sale, as required by the terms of the Company's Second Amended and Restated Certificate of Incorporation.

The non-controlling interest ownership percentage declined from48.33% as of December 31, 2021 to45.02% as of June 30, 2022. The primary driver of this decrease was attributable to the issuance of shares of Class A Common Stock, due to the exercise of certain warrants and exchanges described above.

16. 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 to20,000,000 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 restricted stock units ("RSUs"), restricted stock ("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 A Common Stock) as of the last day of the immediately preceding year or a lesser amount approved by our board of directors 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). As a result of this provision, in March 2022, the Company filed a Registration Statement on Form S-8 registering the issuance of an additional 5,693,082 shares of Class A Common Stock that are reserved for issuance in respect of awards that may be granted under the 2021 Omnibus Incentive Plan.

Alclear Holdings, LLC Equity Incentive Plan

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

Prior to the Reorganization, Alclear granted profit unit awards and RSUs to various employees of the Company. In connection with the Company's Reorganization described in Note 1, these awards were substituted as follows:

- The Company substituted Alclear's RSUs with RSUs under the 2021 Omnibus Incentive Plan.
- The Company substituted Alclear's performance vesting profit units with performance vesting RSUs under the 2021 Omnibus Incentive Plan.
- The Company substituted Alclear's other profit units with only a service vesting condition to RSAs under the 2021 Omnibus Incentive Plan.

In all cases of the respective substitutions, the new awards retained the same terms and conditions (including applicable vesting requirements). Each award was converted to reflect the $31.00 share price contemplated in the Company's IPO while retaining the same fair value. The RSUs originally granted by Alclear were subject to both service and liquidity event vesting conditions. The Company concluded that the Reorganization represented a qualifying liquidity event that would cause the RSUs' liquidity event vesting conditions to be met.

The following table summarizes information about the unvested profit units and RSUs in Alclear that were reclassified to RSAs or RSUs in the Company upon the Reorganization:

	Alclear RSU's	Weighted-Average Grant-Date Fair Value	Profit Units	Weighted-Average Grant-Date Fair Value
Unvested balance, January 1, 2021	453,350	$ 14.51	9,085,704	$ 1.12
Granted	860,357	15.33	—	0.64
Vested	—	—	(345,703)	(0.40)
Forfeited	(25,479)	(15.36)	(881,227)	(0.90)
Effect of reorganization	(1,288,228)	(15.04)	(7,858,774)	(1.17)
Unvested balance upon IPO	—	—	—	—

Restricted Stock Awards

In accordance with the Reorganization, the Company substituted Alclear Holdings' profit units with service vesting conditions with RSAs, which are subject to the same vesting terms as applied to Alclear's profit units; each also maintained the same fair value immediately before and after the exchange of the award. As such, there was no additional compensation expense that was recorded as a result of the substitution of the awards.

The RSAs are subject to service-based vesting conditions and will vest on a specified date, provided the applicable service, generallythree years, has been satisfied.

The Company determines the fair value of each RSA based on the grant date and records the expense over the vesting period or requisite service period.

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

The following is a summary of activity related to the RSAs associated with compensation arrangements during the six months ended June 30, 2022.

	RSA - Class A Common Stock	Weighted-Average Grant-Date Fair Value	RSA - Alclear Units	Weighted-Average Grant-Date Fair Value
Unvested balance as of January 1, 2022	1,429,883	$ 1.04	190,558	$ 1.29
Granted	—	—	—	—
Vested	(356,768)	(1.29)	—	—
Forfeited	(161,959)	(0.87)	—	—
Unvested balance as of June 30, 2022	**911,156**	**$ 0.97**	**190,558**	**$ 1.29**

Below is the compensation expense (credit) related to the RSAs:

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Cost of direct salaries and benefits	$ 2	$ —	$ 4	$ —
General and administrative	8	299	71	600
Research and development	38	61	81	108
Sales and marketing	—	(7)	1	(28)
Total	**$ 48**	**$ 353**	**$ 157**	**$ 680**

As of June 30, 2022, estimated unrecognized expense for RSAs that are probable of vesting was $161 with such expense to be recognized over a weighted-average period of approximately 0.3 years subsequent to June 30, 2022.

Restricted Stock Units

The RSUs granted under the 2021 Omnibus Incentive Plan in substitution of Alclear awards were subject to the same vesting terms as applied to the Alclear awards and maintained the same fair value immediately before and after the exchange of the award. The RSUs are subject to both service-based and, in some cases, business performance-based vesting conditions. RSUs will vest on a specified date, provided the applicable service (generally three years) and, if applicable, business performance condition, have been satisfied. The RSUs with performance conditions issued are also subject to long-term revenue and cash-basis earnings performance hurdles (the “Financial Targets”). 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.

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

The following is a summary of activity related to the RSUs associated with compensation arrangements during the six months ended June 30, 2022:

	RSU’s	Weighted-Average Grant-Date Fair Value
Unvested balance as of January 1, 2022	3,418,124	$ 23.56
Granted	1,645,587	25.36
Vested	(7,528)	(31.00)
Forfeited	(614,963)	(13.40)
Unvested balance as of June 30, 2022	**4,441,220**	**$ 25.62**

Below is the compensation expense recognized related to the RSUs:

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Cost of direct salaries and benefits	$ 41	$ —	$ 133	$ —
General and administrative	2,856	2,969	5,483	2,969
Research and development	2,653	707	6,351	707
Sales and marketing	99	85	147	85
Total	**$ 5,649**	**$ 3,761**	**$ 12,114**	**$ 3,761**

As of June 30, 2022, estimated unrecognized expense for RSUs that are probable of vesting was $59,755 with such expense to be recognized over a weighted-average period of approximately 1.1 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 recorded the expense related to these awards within general and administrative in the condensed consolidated statements of operations.

As of June 30, 2022, estimated unrecognized expense for Founder PSUs was $43,174 with such expense to be recognized over a weighted-average period of approximately 1.0 year.

Below is a summary of total compensation expense recorded in relation to the Company’s incentive plans, excluding additional expense related to repurchases:

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
RSAs	$ 48	$ 353	$ 157	$ 680
RSUs	5,649	3,761	12,114	3,761
Founder PSUs	6,558	139	13,043	139
Total	**$ 12,255**	**$ 4,253**	**$ 25,314**	**$ 4,580**

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

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Cost of direct salaries and benefits	$ 43	$ —	$ 137	
General and administrative	9,422	3,407	18,597	3,708
Research and development	2,691	768	6,432	815
Sales and marketing	99	78	148	57
Total	**$ 12,255**	**$ 4,253**	**$ 25,314**	**$ 4,580**

17. Earnings (Loss) per Share

As described in Note 1, on June 29, 2021, the Operating Agreement was amended and restated to, among other things, (i) provide for a new single class of common membership interests, the Alclear Units, and (ii) exchange all of the then-existing membership interests of the original Alclear equity owners for Alclear Units.

Basic and diluted earnings per share of Class A Common Stock and Class B Common Stock is applicable only for periods after June 29, 2021, post the Reorganization, when the Company had outstanding shares of Class A Common Stock and Class B Common Stock.

Shares of the Company’s Class C Common Stock and Class D Common Stock do not participate in the earnings or losses of the Company and are therefore not participating securities. As such, separate presentation of basic and diluted earnings (loss) per share of Class C Common Stock and Class D Common Stock under the two-class method has not been presented. Each share of Class C Common Stock (together with a corresponding Alclear Unit) is exchangeable for one share of Class A Common Stock and each share of Class D Common Stock (together with a corresponding Alclear Unit) is exchangeable for one share of Class B Common Stock.

Shares classified as treasury stock within the condensed consolidated balance sheets are excluded from the calculation of earnings (loss) per share. Additionally, the Company assumes the exercise for certain vested warrants exercisable for little to no consideration in the calculation of basic earnings per share.

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

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

	Three Months Ended June 30, 2022		Three Months Ended June 30, 2021	
	Class A	Class B	Class A	Class B
Basic:				
Net loss attributable to Clear Secure, Inc.	$ (7,061)	$ (94)	$ (1,969)	$ (35)
Add: reallocation of net loss attributable to non-controlling interests from the assumed exercise of certain warrants	(9)	—	—	—
Net loss attributable to Clear Secure, Inc. used to calculate net loss per common share, basic	(7,070)	(94)	(1,969)	(35)
Weighted-average number of shares outstanding, basic	78,985,429	1,042,234	57,371,788	1,042,234
Add: weighted-average number of shares from the assumed exercise of certain warrants	434,775	—	—	—
Weighted-average number of shares outstanding used to calculate net loss per common share, basic	79,420,204	1,042,234	57,371,788	1,042,234
Net loss per common share, basic:	**$ (0.09)**	**$ (0.09)**	**$ (0.03)**	**$ (0.03)**
Diluted:				
Net loss attributable to Clear Secure, Inc. used to calculate net loss per common share, basic	$ (7,070)	$ (94)	$ (1,969)	$ (35)
Weighted-average number of shares outstanding used to calculate net loss per common share, basic	79,420,204	1,042,234	57,371,788	1,042,234
Effect of dilutive shares	—	—	—	—
Weighted-average number of shares outstanding, diluted	79,420,204	1,042,234	57,371,788	1,042,234
Net loss per common share, diluted:	**$ (0.09)**	**$ (0.09)**	**$ (0.03)**	**$ (0.03)**

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Six Months Ended June 30, 2022		Six Months Ended June 30, 2021	
	Class A	Class B	Class A	Class B
Basic:				
Net loss attributable to Clear Secure, Inc.	$ (17,251)	$ (231)	$ (1,969)	$ (35)
Add: reallocation of net loss attributable to non-controlling interests from the assumed exercise of certain warrants	(314)	(4)	—	—
Net loss attributable to Clear Secure, Inc. used to calculate net loss per common share, basic	(17,565)	(235)	(1,969)	(35)
Weighted-average number of shares outstanding, basic	77,815,348	1,042,234	57,371,788	1,042,234
Add: weighted-average number of shares from the assumed exercise of certain warrants	238,609	—	—	—
Weighted-average number of shares outstanding used to calculate net loss per common share, basic	**78,053,957**	**1,042,234**	**57,371,788**	**1,042,234**
Net loss per common share, basic:	**$ (0.23)**	**$ (0.23)**	**$ (0.03)**	**$ (0.03)**
Diluted:				
Net loss attributable to Clear Secure, Inc. used to calculate net loss per common share, basic	$ (17,565)	$ (235)	$ (1,969)	$ (35)
Weighted-average number of shares outstanding used to calculate net loss per common share, basic	78,053,957	1,042,234	57,371,788	1,042,234
Effect of dilutive shares			—	—
Weighted-average number of shares outstanding, diluted	78,053,957	1,042,234	57,371,788	1,042,234
Net loss per common share, diluted:	**$ (0.23)**	**$ (0.23)**	**$ (0.03)**	**$ (0.03)**

Due to the net loss for the periods presented, the following potential shares of common stock were determined to be anti-dilutive and were therefore excluded from the weighted-average share count in the computation of net loss per common share.

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

	Three and Six Months Ended June 30, 2022		Three and Six Months Ended June 30, 2021	
	Class A	Class B	Class A	Class B
Exchangeable Alclear Units	40,434,232	26,705,315	47,029,364	26,709,821
Dilutive RSA's	1,101,714	—	2,069,544	1,953,803
Dilutive RSU's	3,047,895	—	1,128,358	159,869
Total	**44,583,841**	**26,705,315**	**50,227,266**	**28,823,493**

The Company has excluded certain potentially dilutive shares from the table above as they had performance conditions that were not achieved as of the end of the periods above.

18. 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 benefit of $147 on a pretax loss of $12,470 for the three months ended June 30, 2022 as compared to a tax provision of $211 on a pretax loss of $37,888 for the three months ended June 30, 2021. This resulted in an effective tax rate of 1.19% for the three months ended June 30, 2022 as compared to (0.56%) percent for the three months ended June 30, 2021. The Company reported a tax provision of $155 on a pretax loss of $30,962 for the six months ended June 30, 2022, as compared to a tax provision of $217 on a pretax loss of $51,010 for the six months ended June 30, 2021. This resulted in an effective tax rate of (0.50%) for the six months ended June 30, 2022 as compared to (0.43%) for the six months ended June 30, 2021. 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, and (3) the impact of state and foreign taxes.

The Company did not have significant unrecognized tax benefits and interest and penalties as of June 30, 2022. The Company is subject to income taxes in the U.S., 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, 2016 and forward.

Tax Receivable Agreement

As stated in Note 1, in connection with the IPO, the Company entered into the 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 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 statements of operations as a component of other income (expense), net.

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

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 six months ended June 30, 2022, the Company acquired4,171,991 and Alclear Units from certain non-controlling interest holders. These exchanges resulted in a tax basis increase subject to the provisions of the TRA. 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, the Company has not recognized the TRA liability, as it is not probable that the TRA payments would be paid based on the Company's historical loss position and would not be payable until the Company realizes tax benefit.

19. 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 $11,694 over the next two years under certain service arrangements.

The Company has commitments for future marketing expenditures to sports stadiums of $2,053 through 2026. For the three months ended June 30, 2022 and 2021, marketing expenses related to sports stadiums were approximately $1,075 and $1,153, respectively. For the six months ended June 30, 2022 and 2021, marketing expenses related to sports stadiums were approximately $1,980 and $1,153, respectively.

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 June 30, 2022:

2022	$ 9,421
2023	15,370
2024	8,150
2025	3,408
2026	457
Thereafter	—
Total	**$ 36,806**

Refer to Note 8 for the Company's lease commitments.

20. Related-Party Transactions

As of June 30, 2022, and December 31, 2021, the Company had total payables to certain related parties of $2,295 and $1,180, respectively.

For the three months ended June 30, 2022 and 2021, the Company recorded $1,531 and $1,192, respectively, in cost of revenue share fee within the condensed consolidated statements of operations, in connection with certain related parties. For the six months ended June 30, 2022 and 2021, the Company recorded $3,585 and $2,886, respectively.

Refer to Note 18 for information regarding the TRA liability.

21. 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 Code. For the three months ended June 30, 2022 and 2021, the Company recorded expense of $240 and $233, respectively, within the condensed consolidated statements of operations. For the six months ended June 30, 2022 and 2021, the Company recorded expense of $985 and $638, respectively, within the condensed consolidated statements of operations.

22. 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 increased the commitments under the revolving credit facility to $100,000, which matures three years from the date of the increase. The line of credit has not been drawn against as of June 30, 2022. 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 with 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. As of June 30, 2022, the balance of these loan fees was $563.

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, London InterBank Offered Rate (LIBOR) or New York Federal Reserve Bank (NYFRB) rate, plus an applicable margin for specific interest periods.

In addition, the credit agreement contains certain other covenants (none of which relate to financial condition), events of default and other customary provisions, and also contains customary LIBOR replacement mechanics. As of June 30, 2022, the Company was in compliance with all of the financial and non-financial covenants of the Credit Agreement.

23. Subsequent Events

In July 2022, 534,655 warrants with performance-based vesting criteria, that were exercisable for Class A Common Stock expired. As these unvested warrants were not considered probable to vest, there was no material impact on the condensed consolidated financial statements.

In July 2022, the Company cancelled 515,974 outstanding warrants that were exercisable for Class A Common Stock. These warrants were not considered as probable to vest as of the settlement date.

Effective July 1, 2022, the Company amended the vesting schedule of existing time-based restricted stock units that cliff-vest after a three-year period to vest ratably over the same three-year period. This amendment did not impact the Company's condensed consolidated statements of operations for the six months ended June 30, 2022 and will not have a material impact on the Company’s financial statements going forward.

Subsequent to June 30, 2022, 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 731,794 shares of Class A Common Stock.

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, 2021 ("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

We are a member-centric secure identity platform operating under the brand name CLEAR. At CLEAR we know that you are always you—your biometric identity is foundational to helping enable frictionless everyday experiences, connecting you to all the things that make you, YOU, and transforming the way you live, work and travel. Members enroll in CLEAR to create an unbreakable link between their identity and biometrics (e.g., eyes, face and fingerprints). 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 nationwide; the flagship CLEAR App including Home to Gate and Health Pass; and Reserve powered by CLEAR, our virtual queuing technology that enables customers to manage lines. CLEAR also has software development kits, ("SDK") and application programming interface ("API") capabilities to enable our partners to seamlessly integrate directly into our platform to enable better, faster and more frictionless experiences for our partners' customers. Use cases enabled by SDKs and APIs include identity validation, identity verification, attribute validation such as age validation, vaccine status and payment, among others.

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. 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. 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. This is evident by our approximately 18 times Lifetime Value relative to our

Customer Acquisition Cost for CLEAR Plus members who joined during 2021. The Lifetime Value relative to our Customer Acquisition Cost for CLEAR Plus members who joined during 2021 is consistent with the average for prior periods. 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 "—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.

Impact of Coronavirus (COVID-19) Pandemic

As the impact of the COVID-19 pandemic subsides and the demand for our services increases, we expect our expenses to increase, in some cases significantly, in comparison to the second quarter of 2021 and the 2020 fiscal year when we had lower staffing needs and proactively reduced our operating expenses. These increased expenses will include higher cost of direct salaries and benefits driven by field labor, sales and marketing, research and development costs, and general and administrative (including costs associated with being a public company and increased equity-based compensation expense). Due to the nature of our revenue recognition policy (e.g., CLEAR Plus revenues are recognized over the life of a subscription, which is typically 12 months), our reported revenues are expected to lag behind Total Bookings. We may incur net losses and negative adjusted EBITDA in the long term if we are required to increase expenses to support our growth. See "Risk Factors—Risks Related to Our Financial Performance" in our Annual Report on Form-10K.

The Reorganization Transactions

Prior to the completion of our initial public offering ("IPO"), we undertook certain reorganization transactions (the "Reorganization Transactions") such that Clear Secure, Inc. is now a holding company, and its sole material asset is a controlling equity interest in Alclear. As the general partner of Alclear, Clear Secure, Inc. operates and controls all of the business and affairs of Alclear, has the obligation to absorb losses and receive benefits from Alclear and, through Alclear and its subsidiaries, conducts our business.

The Reorganization Transactions were accounted for as a reorganization of entities under common control. As a result, the consolidated financial statements of the Company recognized the assets and liabilities received in the Reorganization Transactions at their historical carrying amounts, as reflected in the historical financial statements of Alclear. The Company consolidates Alclear on its consolidated financial statements and records a non-controlling interest, related to the Alclear non-voting common units ("Alclear Units") held by our founders and pre-IPO members, on its consolidated balance sheets and statement of operations. See Note 1 in our condensed consolidated financial statements for a more detailed discussion of the Reorganization Transactions.

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 a flow-through entity 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 Investments, LLC and Alclear Investments II, LLC (collectively, 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 each defined below), 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 six months ended June 30, 2022, the Company recognized certain exchanges. As of June 30, 2022, the Company did not record a TRA liability as a result of these exchanges.

Acquisitions

During the year ended December 31, 2021, the Company made strategic acquisitions of Whyline, Inc., our virtual queuing technology that enables customers to manage lines and certain assets of Atlas Certified, LLC., our automated solution to verify professional licenses and certification data across industries. Revenues and operating loss related to these acquisitions were insignificant to the condensed consolidated financial statements.

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, and Annual CLEAR Plus Net Member Retention.

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				Six Months Ended			
	June 30, 2022	June 30, 2021	$ Change	% Change	June 30, 2022	June 30, 2021	$ Change	% Change
Total Bookings (in millions)	$ 122.9	$ 70.0	$ 52.9	76 %	$ 230.7	$ 132.0	$ 98.7	75 %

Total Bookings increased by $52.9 million, or 76%, for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The increase was primarily driven by the continued rebound in air travel and continued strength of our partnership channels, leading to higher new member enrollments and retention rates.

Total Bookings increased by $98.7 million, or 75%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The increase was primarily driven by the continued rebound in air travel and continued strength of our partnership channels, leading to higher new member enrollments and retention rates.

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			
	June 30, 2022	**June 30, 2021**	**Change**	**% Change**
Total Cumulative Enrollments (in thousands)	13,097	6,322	6,775	107%

Total Cumulative Enrollments were 13,097 as of June 30, 2022 and 6,322 as of June 30, 2021, which represented a 107% increase. The year over year growth was driven by continued strength in air travel and platform (mobile) enrollments.

Total Cumulative Platform Uses

We define Total Cumulative Platform Uses as the number of individual engagements across CLEAR use cases, including in-airport verifications, since inception as of the end of the period. We also include airport lounge access verifications, sports and entertainment venue verifications and Health Pass surveys 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			
	June 30, 2022	**June 30, 2021**	**Change**	**% Change**
Total Cumulative Platform Uses (in thousands)	106,631	65,503	41,128	63%

Total Cumulative Platform Uses was 106,631 as of June 30, 2022 and 65,503 as of June 30, 2021, which represented a 63% increase, driven by CLEAR Plus verifications in connection with a rebound in air travel, and continuing use of Health Pass and Digital Vaccine Pass at large events and return to work for enterprise partners.

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 ever 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		
	June 30, 2022	June 30, 2021	Change
Annual CLEAR Plus Net Member Retention	94.3%	80.6%	13.7%

Annual CLEAR Plus Net Member Retention was 94.3% as of June 30, 2022 and 80.6% as of June 30, 2021, a year-over year increase of 1,370 basis points. The performance was driven by strength in gross renewals and winbacks of previously cancelled members.

Non-GAAP Financial Measures

In addition to our results as determined in accordance with GAAP, we disclose Adjusted EBITDA, Free Cash Flow, Adjusted Net Income (Loss) and Adjusted Net Income (Loss) Per Common Share, Diluted as non-GAAP financial measures that management believes provide useful information to investors. These measures are not financial measures calculated in accordance with GAAP and should not be considered as a substitute for net income (loss), net cash provided by (used in) operating activities or any other operating performance measure calculated in accordance with GAAP, and may not be comparable to a similarly titled measure reported by other companies. Our non-GAAP financial measures are expressed in thousands.

Adjusted EBITDA

We define Adjusted EBITDA (Loss) as net income (loss) adjusted for income taxes, interest (income) expense net, depreciation and amortization, losses on asset disposals, equity-based compensation expense, mark to market of warrant liabilities, other income (expense), net, acquisition-related costs and changes in fair value of contingent consideration. Adjusted EBITDA (Loss) is an important financial measure used by management and our board of directors in determining performance-based compensation for our management and key employees.

Adjusted Net Income (Loss)

We define Adjusted Net Income (Loss) as Net income (loss) attributable to Clear Secure, Inc. adjusted for the net income (loss) attributable to non-controlling interests, equity-based compensation expense, amortization of acquired intangible assets, acquisition-related costs, changes in fair value of contingent consideration and the income tax effect of these adjustments. Adjusted Net Income (Loss) is used in the calculation of Adjusted Net Income (Loss) per Common Share as defined below.

Adjusted Net Income (Loss) Per Common Share

We compute Adjusted Net Income (Loss) Per Common Share, Basic as Adjusted Net Income (Loss) divided by Adjusted Weighted-Average Shares Outstanding for our Class A Common Stock, Class B Common Stock, Class C Common Stock and Class D Common Stock assuming the exchange of all vested and outstanding common units in Alclear at the end of each period presented. We do not present Adjusted Net Income (Loss) per Common Share for shares of our Class B Common Stock although they are participating securities based on the assumed conversion of those shares to our Class A Common Stock. We do not present Adjusted Net Income (Loss) per Common Share on a dilutive basis for periods where we have Adjusted Net Loss since we do not assume the conversion of any potentially dilutive equity instruments as the result would be antidilutive. In periods where we have Adjusted Net Income, the Company also calculates Adjusted Net Income (Loss) Per Common Share, Diluted based on the effect of potentially dilutive equity instruments for the periods presented using the treasury stock/if-converted method, as applicable. Adjusted Net Income (Loss) per Common Share is only applicable for periods after June 29, 2021, post the Reorganization Transactions and IPO.

Adjusted Net Income (Loss) and Adjusted Earnings (Loss) Per Common Share exclude, to the extent applicable, the tax effected impact of non-cash expenses and other items that are not directly related to our core operations. These items are excluded because they are connected to the Company's long term growth plan and not intended to increase short term revenue in a specific period. Further, to the extent that other companies use similar methods in calculating non-GAAP measures, the provision of supplemental non-GAAP information can allow for a comparison of the company's relative performance against other companies that also report non-GAAP operating results.

Free Cash Flow

We define Free Cash Flow as net cash provided by (used in) operating activities adjusted for purchases of property and equipment plus the value of share repurchases over fair value. With regards to our CLEAR Plus subscription service, we generally collect cash from our members upfront for annual subscriptions. As a result, when the business is growing, Free Cash Flow can be a real time indicator of the current trajectory of the business.

See below for reconciliations of these non-GAAP financial measures to their most comparable GAAP measures.

Reconciliation of Net income (loss) to Adjusted EBITDA (Loss):

	Three Months Ended		Six Months Ended	
(In thousands)	**June 30, 2022**	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
Net loss	$ (12,323)	$ (38,099)	$ (31,117)	$ (51,227)
Income tax expense (benefit)	(147)	211	155	217
Interest (income) expense, net	(187)	142	(194)	213
Other (income) expense, net	(465)	—	(197)	—
Depreciation and amortization	4,328	2,664	8,712	5,202
Equity-based compensation expense	12,307	5,897	25,436	7,216
Warrant liabilities	—	10,903	—	12,796
Adjusted EBITDA (Loss)	**$ 3,513**	**$ (18,282)**	**$ 2,795**	**$ (25,583)**

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

	Three Months Ended		Six Months Ended	
(In thousands)	**June 30, 2022**	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
Net loss attributable to Clear Secure, Inc.	$ (7,155)	$ (2,004)	$ (17,482)	$ (2,004)
Reallocation of net loss attributable to non-controlling interests	(5,168)	(2,375)	(13,635)	(2,375)
Net loss per above	**(12,323)**	**(4,379)**	**(31,117)**	**(4,379)**
Equity-based compensation expense	12,307	3,913	25,436	3,913
Amortization of acquired intangibles	711	—	1,580	—
Income tax effect	(203)	—	(405)	—
Adjusted Net Income (Loss)	**$ 492**	**$ (466)**	**$ (4,506)**	**$ (466)**

Calculation of Adjusted Weighted-Average Shares Outstanding Basic

	Three Months Ended	
	June 30, 2022	**June 30, 2021**
Weighted-average number of shares outstanding, basic for Class A Common Stock	79,420,204	57,371,788
Adjustments		
Assumed weighted-average conversion of issued and outstanding Class B Common Stock	1,042,234	1,042,234
Assumed weighted-average conversion of issued and outstanding Class C Common Stock	41,892,237	44,407,609
Assumed weighted-average conversion of issued and outstanding Class D Common Stock	26,705,315	24,756,018
Assumed weighted-average conversion of vested and outstanding warrants	194,108	2,431,206
Adjusted Weighted-Average Number of Shares Outstanding, Basic	**149,254,098**	**130,008,855**

	Six Months Ended	
	June 30, 2022	June 30, 2021
Weighted-average number of shares outstanding, basic for Class A Common Stock	78,053,957	57,371,788
Adjustments		
Assumed weighted-average conversion of issued and outstanding Class B Common Stock	1,042,234	1,042,234
Assumed weighted-average conversion of issued and outstanding Class C Common Stock	42,940,757	44,407,609
Assumed weighted-average conversion of issued and outstanding Class D Common Stock	26,705,365	24,756,018
Assumed weighted-average conversion of vested and outstanding warrants	178,619	2,431,206
Adjusted Weighted-Average Number of Shares Outstanding, Basic	**148,920,932**	**130,008,855**

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

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Adjusted net income (loss)	492	(466)	(4,506)	(466)
Adjusted weighted-average number of shares outstanding, basic	149,254,098	130,008,855	148,920,932	130,008,855
Adjusted Net Income (Loss) per Common Share, Basic	**$0.00**	**$0.00**	**$(0.03)**	**$0.00**

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

	Three Months Ended
	June 30, 2022
Adjusted net income	492
Adjusted weighted-average number of shares outstanding, basic	149,254,098
Weighted-average impact of unvested RSA’s	1,213,374
Weighted-average impact of unvested RSU’s	642,547
Total	151,110,019
Adjusted Net Income per Common Share, Diluted:	**$0.00**

As stated above, due to the Company incurring an adjusted net loss for certain periods presented, the Company has not calculated Adjusted Weighted-Average Shares Outstanding, Diluted for those periods as the result would be antidilutive.

Below is a summary of the Company’s Adjusted Net Income (Loss) per Share:

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Adjusted net loss per common share, basic	$0.00	$0.00	$(0.03)	$0.00
Adjusted net income (loss) per common share, diluted	$0.00	$0.00	$(0.03)	$0.00

Reconciliation of Net cash provided by operating activities to Free Cash Flow:

(In thousands)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Net cash provided by operating activities	$ 50,923	$ 3,419	$ 75,855	$ 3,084
Purchases of property and equipment	(9,681)	(6,416)	(15,214)	(15,210)
Share repurchases over fair value	—	—	—	712
Free Cash Flow	**$ 41,242**	**$ (2,997)**	**$ 60,641**	**$ (11,414)**

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.

The Company also generates revenue in relation to sports stadiums and Health Pass which are and historically have been immaterial to our results. Sports stadium revenues consist of fees for use of the Company's pods for security entry at various venues as well as access for members to dedicated entry lanes at various sports stadiums across the country. Additionally, the Company generates revenue from transaction fees charged either per use or per user over a predefined time period, which may include one-time implementation fees, platform licensing fees, hardware-leasing fees or incremental transaction fees.

Operating Expenses

The Company's expenses consist of cost of revenue share fees, cost of direct salaries and benefits, research and development, sales and marketing, general and administrative expenses and depreciation and amortization 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, as the payments are refundable on a pro rata basis. Such prepayments are recorded in "Prepaid Revenue Share fee" in the Company's condensed 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 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. Such amounts are direct costs of services and are recorded in "Cost of direct salaries and benefits" in the Company's condensed consolidated statement of operations.

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 expenses 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 marketing and 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. General and administrative costs also include the Company's warrant expense and changes in the fair value of contingent consideration. In addition, general and administrative expenses include non-personnel costs, such as legal, accounting and other professional fees, variable credit card fees and variable mobile enrollment costs, and and all other supporting corporate expenses not allocated to other departments.

Interest Income, Net

Interest Income, net consists of interest income from our investment holdings partially offset by interest expense, which primarily includes amortization of discounts on our marketable securities and issuance costs on our revolving credit facility.

Other Income (Expense), Net

Other Income (Expense), Net consists of certain non-recurring non-operating items including income recognized in relation to a minimum annual guarantee paid to us by a marketing partner and impairment on long-lived assets.

Provision 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 U.S. federal income taxes, 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 and six months ended June 30, 2022 and 2021 (in millions):

	Three Months Ended			
	June 30, 2022	June 30, 2021	$ Change	% Change
Revenue	**$ 102.7**	**$ 55.2**	**$ 47.5**	**86 %**
Operating expenses:				
Cost of revenue share fee	$ 12.3	$ 8.3	$ 4.0	48 %
Cost of direct salaries and benefits	$ 25.3	$ 15.8	$ 9.5	60 %
Research and development	$ 14.3	$ 10.9	$ 3.4	31 %
Sales and marketing	$ 11.4	$ 10.9	$ 0.5	5 %
General and administrative	$ 48.2	$ 44.3	$ 3.9	9 %
Depreciation and amortization	$ 4.3	$ 2.7	$ 1.6	59 %
Operating loss	**$ (13.1)**	**$ (37.7)**	**$ 24.6**	**(65) %**
Other income (expense)				
Interest income (expense), net	$ 0.2	$ (0.1)	$ 0.3	N/A
Other income (expense), net	$ 0.5	$ —	$ 0.5	N/A
Income (loss) before tax	**$ (12.4)**	**$ (37.8)**	**$ 25.4**	**(67) %**
Income tax benefit (expense)	$ 0.1	$ (0.2)	$ 0.3	N/A
Net income (loss)	**$ (12.3)**	**$ (38.0)**	**$ 25.7**	**(68) %**

	Six Months Ended			
	June 30, 2022	June 30, 2021	$ Change	% Change
Revenue	**$ 193.3**	**$ 105.7**	**$ 87.6**	**83 %**
Operating expenses:				
Cost of revenue share fee	$ 24.5	$ 16.1	$ 8.4	52 %
Cost of direct salaries and benefits	$ 48.3	$ 28.0	$ 20.3	73 %
Research and development	$ 29.8	$ 19.9	$ 9.9	50 %
Sales and marketing	$ 19.2	$ 15.9	$ 3.3	21 %
General and administrative	$ 94.1	$ 71.5	$ 22.6	32 %
Depreciation and amortization	$ 8.7	$ 5.2	$ 3.5	67 %
Operating loss	**$ (31.4)**	**$ (50.9)**	**$ 19.5**	**(38) %**
Other income (expense)				
Interest income (expense), net	$ 0.2	$ (0.2)	$ 0.4	N/A
Other income (expense), net	$ 0.2	$ —	$ 0.2	N/A
Income (loss) before tax	**$ (31.0)**	**$ (51.1)**	**$ 20.1**	**(39) %**
Income tax benefit (expense)	$ (0.2)	$ (0.2)	$ —	N/A
Net income (loss)	**$ (31.2)**	**$ (51.3)**	**$ 20.1**	**(39) %**

Information about our operating results for the three and six months ended June 30, 2022 and 2021 is set forth below.

Revenue

	Three Months Ended				Six Months Ended			
	June 30, 2022	June 30, 2021	$ Change	% Change	June 30, 2022	June 30, 2021	$ Change	% Change
Revenue	$ 102.7	$ 55.2	$ 47.5	86 %	$ 193.3	$ 105.7	$ 87.6	83 %

Revenue increased by $47.5 million, or 86%, for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The increase was primarily due to an 85% increase in the number of average CLEAR Plus members and a 1,370 bps increase in Annual CLEAR Plus Net Member Retention. Approximately 30% and 28% of paying CLEAR Plus members in the three months ended June 30, 2022 and 2021, respectively, were on a family plan as of June 30, 2022.

Revenue increased by $87.6 million, or 83%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The increase was primarily due to a 79% increase in the number of average CLEAR Plus members 1,370 bps increase in Annual CLEAR Plus Net Member Retention. Approximately 30% and 28% of paying CLEAR Plus members in the three months ended June 30, 2022 and 2021, respectively, were on a family plan as of June 30, 2022.

Cost of revenue share fee

	Three Months Ended				Six Months Ended			
	June 30, 2022	June 30, 2021	$ Change	% Change	June 30, 2022	June 30, 2021	$ Change	% Change
Cost of revenue share fee	$ 12.3	$ 8.3	$ 4.0	48 %	$ 24.5	$ 16.1	$ 8.4	52 %

Cost of revenue share fee increased by $4.0 million, or 48%, for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The change was driven by an increase of $0.7 million due to a 26% increase in fixed airport fees and $3.3 million due to a 59% increase in per member fees, and partially offset by a $0.9 million non-recurring benefit.

Cost of revenue share fee increased by $8.4 million, or 52%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The change was driven by an increase of $1.5 million due to a 31% increase in fixed airport fees and $6.9 million due to a 61% increase in per member fees, and partially offset by a $0.9 million non-recurring benefit.

Cost of direct salaries and benefits

	Three Months Ended				Six Months Ended			
	June 30, 2022	June 30, 2021	$ Change	% Change	June 30, 2022	June 30, 2021	$ Change	% Change
Cost of direct salaries and benefits	$ 25.3	$ 15.8	$ 9.5	60.1 %	$ 48.3	$ 28.0	$ 20.3	73 %

Cost of direct salaries and benefits expenses increased by $9.5 million, or 60%, for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The change was primarily due to increased employee compensation costs of $8.9 million caused by increasing travel volumes leading to higher staffing needs.

Cost of direct salaries and benefits increased by $20.3 million, or 73%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The change was primarily due to increased employee compensation costs of $19.3 million caused by increasing travel volumes leading to higher staffing needs.

Research and development

	Three Months Ended				Six Months Ended			
	June 30, 2022	June 30, 2021	$ Change	% Change	June 30, 2022	June 30, 2021	$ Change	% Change
Research and development	$ 14.3	$ 10.9	$ 3.4	31 %	$ 29.8	$ 19.9	$ 9.9	50 %

Research and development expenses increased by $3.4 million, or 31%, for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The change was primarily due to an increase of $3.9 million of employee-related expenses, including equity-based compensation costs, partially offset by a decrease of $0.6 million for professional fees.

Research and development expenses increased by $9.9 million, or 50%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The change was primarily due to an increase of $10.8 million of employee-related expenses, including equity-based compensation costs, partially offset by a decrease of $1.3 million for professional fees.

Sales and marketing

	Three Months Ended				Six Months Ended			
	June 30, 2022	June 30, 2021	$ Change	% Change	June 30, 2022	June 30, 2021	$ Change	% Change
Sales and marketing	$ 11.4	$ 10.9	$ 0.5	5 %	$ 19.2	$ 15.9	$ 3.3	21 %

Sales and marketing expenses increased by $0.5 million, or 5%, for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The change was driven primarily by increased ambassador commission expense of $3.6 million due to higher new member enrollments, partially offset by a $2.8 million decrease in discretionary marketing expenses and a $0.5 million decrease for professional fees.

Sales and marketing expenses increased by $3.3 million, or 21%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The change was driven primarily by increased ambassador commission expense of $6.6 million due to higher new member enrollments and a $0.7 million increase for employee-related expenses, including equity-based compensation costs, partially offset by a $3.8 million decrease in discretionary marketing expenses and a $0.5 million decrease in professional fees.

General and administrative

	Three Months Ended				Six Months Ended			
	June 30, 2022	June 30, 2021	$ Change	% Change	June 30, 2022	June 30, 2021	$ Change	% Change
General and administrative	$ 48.2	$ 44.3	$ 3.9	9 %	$ 94.1	$ 71.5	$ 22.6	32 %

General and administrative expenses increased by $3.9 million, or 9%, for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The change was primarily driven by a $2.2 million increase for technology related costs and a $2.0 million increase in credit card fees related to higher enrollments. Additionally, employee-related expenses increased by $11.3 million, including equity-based compensation costs, offset by an decrease in non-employee equity-based compensation costs of $12.6 million, which included a reduction in the mark to market of warrant liabilities of $10.9 million.

General and administrative expenses increased by $22.6 million, or 32%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The change was primarily driven by a $25.1 million increase in employee-related expenses, including equity-based compensation costs, offset by an decrease in non-employee equity-based compensation costs of $14.7 million, which included a reduction in the mark to market of warrant liabilities of $12.8 million. Additionally, technology costs increased by $4.6 million, credit card fees increased by $4.1 million related to higher enrollments, and insurance costs increased by $2.0 million. These increases were partially offset by a decrease in professional fees for $1.7 million.

Non-operating income (expense)

	Three Months Ended				Six Months Ended			
	June 30, 2022	June 30, 2021	$ Change	% Change	June 30, 2022	June 30, 2021	$ Change	% Change
Interest Income, net	$ 0.2	$ (0.1)	$ 0.3	N/A	$ 0.2	$ (0.2)	$ 0.4	N/A

Interest income, net increased by $0.3 million, for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The increase was driven by higher interest income on our marketable securities, partially offset by higher amortization of discounts on our marketable securities.

Interest income, net increased by $0.4 million, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The increase was driven by higher interest income on marketable securities, partially offset by higher amortization of discounts on our marketable securities.

	Three Months Ended				Six Months Ended			
	June 30, 2022	June 30, 2021	$ Change	% Change	June 30, 2022	June 30, 2021	$ Change	% Change
Other income	$ 0.5	$ —	$ 0.5	N/A	$ 0.5	$ —	$ 0.5	N/A
Other expense	$ —	$ —	$ —	N/A	$ (0.3)	$ —	$ (0.3)	N/A
Other income (expense), net	**$ 0.5**	**$ —**	**$ 0.5**	**N/A**	**$ 0.2**	**$ —**	**$ 0.2**	**N/A**

Other income (expense), net increased by $0.5 million, for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The change was primarily driven by a non-recurring customer settlement for $0.5 million.

Other income (expense), net decreased by $0.2 million, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The change was primarily driven by a non-recurring customer settlement for $0.5 million, partially offset by an impairment of long-lived assets during the current year.

Income tax benefit (expense)

	Three Months Ended				Six Months Ended			
	June 30, 2022	**June 30, 2021**	**$ Change**	**% Change**	**June 30, 2022**	**June 30, 2021**	**$ Change**	**% Change**
Income tax benefit (expense)	$ 0.1	$ (0.2)	$ 0.3	N/A	$ (0.2)	$ (0.2)	$ —	N/A

Income tax benefit increased by $0.3 million for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The change was primarily due to the impact of state and foreign taxes.

There was no change in income tax benefit/(expense) for the six months ended June 30, 2022 compared to the six months ended June 30, 2021.

Liquidity and Capital Resources

Our operations have been financed primarily through equity financing and cash flow from operating activities. As of June 30, 2022, we had cash and cash equivalents of $339.7 million and marketable securities of $333.9 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 that enhance our strategic positioning. We may also use our cash and cash equivalents to repurchase our Class A Common Stock. We plan to finance our operations 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 known commitments and contingencies as discussed below. 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. We have planned capital expenditures related to the build out of our new office space of approximately $16.5 million in the next 12 months. As is the case with any large-scale construction project, the timing and amounts of these expenditures are subject to uncertainty.

On May 13, 2022, the Company's Board authorized a share repurchase program pursuant to which the Company may purchase up to $100,000 of its Class A Common Stock. 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. No shares have been repurchased to date during the period covered by this report.

As a result of the COVID-19 pandemic, our operations have been, and we expect they will continue to be, adversely impacted by government mandated regulations, and the social distancing practices and health concerns of our guests and employees. In light of the evolving nature of COVID-19 and the uncertainty it has produced around the world, we do not believe it is possible to predict the cumulative and ultimate impact of the COVID-19 pandemic on our future business, results of operations and financial condition. See "Risk Factors—Risk Related to Our Business, Brand and Operations—*The COVID-19 pandemic has impacted, and may continue to impact, our business, results of operations and financial condition"* in our Annual Report on Form 10-K.

Credit Agreement

On March 31, 2020, we entered into a credit agreement (the "Credit Agreement") for a three-year $50 million revolving credit facility that expires on March 31, 2023. Borrowings under the Credit Agreement generally will bear interest between 1.5% and 2.5% per year and will also include interest based on the greater of the prime 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. As of June 30, 2022, we had not drawn on the revolving credit facility and did not have outstanding borrowings under the Credit Agreement.

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, and also contains customary LIBOR replacement mechanics. 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.

At June 30, 2022, the Company was in compliance with all of the financial and non-financial covenants of the Credit Agreement.

Cash Flow

The following summarizes our cash flows for the six months ended June 30, 2022 and June 30, 2021 (in millions):

	Six Months Ended		
	June 30, 2022	**June 30, 2021**	**$ Change**
Net cash provided by operating activities	$75.8	$3.1	$72.7
Net cash used in investing activities	($15.5)	($15.5)	$—
Net cash (used in) provided by financing activities	($0.3)	$64.6	($64.9)
Net increase in cash, cash equivalents, and restricted cash	$60.0	$52.2	$7.8
Cash, cash equivalents, and restricted cash, beginning of year	**$309.1**	**$139.1**	**$170.0**
Net exchange differences on cash, cash equivalents, and restricted cash	($0.1)	$—	($0.1)
Cash, cash equivalents, and restricted cash, end of period	**$369.0**	**$191.3**	**$177.7**

Cash flows from operating activities

For the six months ended June 30, 2022, net cash provided by operating activities was $75.8 million compared to net cash provided by operating activities of $3.1 million for the six months ended June 30, 2021, an increase of $72.7 million due to favorable changes in working capital of $40.5 million primarily related to prepaid and other current assets, accrued liabilities and deferred revenue. Additionally, there was a decrease in net loss of $20.1 million and an increase in non-cash adjustments to net loss of $12.1 million.

Cash flows from investing activities

For the six months ended June 30, 2022 and the six months ended June 30, 2021, net cash used in investing activities was flat at $15.5 million.

Cash flows from financing activities

For the six months ended June 30, 2022, net cash used in financing activities was $0.3 million compared to net cash provided by financing activities of $64.6 million for the six months ended June 30, 2021, a decrease of $64.9 million. The change was primarily due to a decrease of $80.3 million in the proceeds from the issuance of members'units offset by a decrease in amounts used to repurchase member's deficit of $11.7 million and a decrease in distribution to members of $4.0 million.

Commitments and Contingencies

We have non-cancelable operating lease arrangements for office space. As of June 30, 2022, we had future minimum payments of $32.3 million, with $2.3 million due in 2022. See Note 8 within the condensed consolidated financial statements for information related to our lease obligations.

On November 4, 2021, the Company entered into a lease of an office building to house the Company's corporate headquarters. The Lease Agreement provides for a commencement on the later of October 1, 2022 or the date on which the Landlord delivers possession of the premises with certain agreed upon improvements to be made by the Landlord completed. The term of the Lease Agreement is fifteen years after the date that rent obligations begin, with an option to renew for one 5-year or 10-year period at Fair Market Value (as defined in the Lease Agreement) by providing the Landlord with 18 months' notice and certain other requirements. The aggregate undiscounted future minimum lease payments are approximately $177.5 million.

We enter into agreements with airports for access to floor and office space. As of June 30, 2022, we had future minimum payments of $36.8 million. See Note 19 within the condensed consolidated financial statements.

The Company has commitments for future marketing expenditures to sports stadiums of $2.1 million as of June 30, 2022.

The Company is subject to certain minimum spend commitments of approximately $11.7 million over the next two years 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.

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 June 30, 2022, the Company did not record a liability from the TRA.

Business Combinations

Accounting for business combinations requires us to make significant estimates and assumptions with respect to the the fair value of identifiable assets and liabilities acquired in a business combination, especially with respect to intangible assets. The initial fair values recorded are subject to adjustments for up to one year after the closing date of the acquisition to reflect final valuations.

Recent Accounting Pronouncements

See Note 2, Summary of Significant Accounting Policies 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 $339.7 million as of June 30, 2022. 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.

Debt

Interest payable on our revolving credit facility is variable. Borrowings generally will bear interest based on the greater of the prime rate, LIBOR or NYFRB rate, plus an applicable margin for specific interest periods. As of June 30, 2022, we had no outstanding borrowings under the revolving credit facility.

Investments

We had marketable securities totaling $333.9 million as of June 30, 2022. 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 “available for sale” investment fair value of approximately $1.6 million that would be recognized in accumulated other comprehensive loss within the condensed consolidated balance sheets.

Foreign Currency 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 are transacted in the U.S. dollar, foreign currency translation risk was insignificant for the three and six months ended June 30, 2022.

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 June 30, 2022. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2022, 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. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error and mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of controls.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be 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 period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Matters

We are subject to commercial litigation claims and to administrative and regulatory proceedings and reviews that may be asserted or maintained from time to time. 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 June 30, 2022, 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 3,146,673 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

As of June 30, 2022, the Company has the ability repurchase up to $100 million of the Company’s Class A Common Stock under its repurchase program authorized by the Company's Board on May 13, 2022.

Under the authorization, shares of Class A Common Stock may be purchased 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. No shares have been repurchased to during the period covered by this report.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

None

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
10.1	Form of Restricted Stock Unit Agreement (2022) for use with the Clear Secure. Inc. 2021 Omnibus Incentive Plan †
10.2	Form of Performance Restricted Stock Unit Agreement (2022) for use with the Clear Secure. Inc. 2021 Omnibus Incentive Plan †
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)

† This exhibit is a management contract or a compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on August 15, 2022.

Date:	August 15, 2022	By:	/s/ Caryn Seidman-Becker
			Caryn Seidman-Becker
			Chief Executive Officer
Date:	August 15, 2022	By:	/s/ Kenneth Cornick
			Kenneth Cornick
			President and Chief Financial Officer

CLEAR SECURE, INC.
2021 OMNIBUS INCENTIVE PLAN
NOTICE OF TIME-BASED RSU GRANT

The undersigned Participant has been granted time-vesting restricted stock units (‘RSUs”) with respect to Common Stock of the Company, subject to the terms and conditions of this Notice of RSU Grant, the attached RSU Award Agreement and the 2021 Omnibus Incentive Plan (as amended from time to time, the “Plan”), as follows:

Participant: [__]

Number of Shares Underlying RSUs: [__]

Date of Grant: [__]

Vesting Schedule: Except as otherwise provided in the RSU Award Agreement attached hereto as Annex I, the RSUs shall vest as follows: [__________] (each such date, a “Vesting Date”), subject to the Participant’s continued employment with, service as a director of, or engagement to provide services to the Company or any of its Affiliates (“Continued Service”) through the applicable Vesting Date. Any fractional RSU resulting from the application of the Vesting Schedule shall be aggregated and the RSU resulting from such aggregation shall vest on the final Vesting Date.

By accepting (whether in writing, electronically or otherwise) the RSUs, you acknowledge and agree that the RSUs are granted under and governed by the additional terms and conditions of the Plan and the RSU Award Agreement set forth on Annex I, each of which is hereby made a part of this document.

PARTICIPANT CLEAR SECURE, INC.
By:
Title:

ANNEX I

CLEAR SECURE. INC.
2021 OMNIBUS INCENTIVE PLAN
TIME-BASED RSU AWARD AGREEMENT

Pursuant to the Notice of RSU Grant ("Notice") and this RSU Award Agreement (together with the Notice, this "Award Agreement"), Clear Secure, Inc. (together with its Subsidiaries, whether existing or thereafter acquired or formed, and any and all successor entities, the "Company") has granted the Participant restricted stock units (the "RSUs") under the Clear Secure, Inc. 2021 Omnibus Incentive Plan (as amended from time to time, the "Plan") with respect to the number of Shares indicated in the Notice. Each RSU represents the right to receive one Share. The RSUs are granted to the Participant effective as of the Date of Grant set forth in the Notice. Capitalized terms not explicitly defined in this Award Agreement or in the Notice but defined in the Plan shall have the same definitions as in the Plan.

1. **Vesting Schedule; Settlement**.

   a. Vesting Schedule. Subject to the provisions contained herein, the RSUs shall vest as provided in the Notice.

   b. Settlement. Subject to the provisions of this Award Agreement, upon the vesting of any of the RSUs, the Company shall deliver to the Participant (or the Participant's beneficiary, in the event of the Participant's death prior to settlement, or Permitted Transferee, as applicable), as soon as reasonably practicable after the Vesting Date (or, if applicable, an earlier vesting date under Section 3 or Section 4(a)), one Share for each RSU, provided that such delivery of Shares shall be made no later than the 30^{th} day after the Vesting Date (or, if applicable, an earlier vesting date under Section 3 or Section 4(a)). Upon such delivery, such Share shall be fully assignable, saleable and transferable by the Participant, provided that any such assignment, sale, transfer or other alienation with respect to such Shares shall be in accordance with applicable securities laws.

2. **Dividend Equivalents**. Unless otherwise provided by the Committee, the Participant shall not be eligible to receive dividend equivalents with respect to the RSUs unless and until the Participant becomes the record owner of the Shares underlying the RSUs; to the extent the Committee provides for the accrual of dividend equivalents with respect to unvested RSUs, such accrued dividend equivalents be subject to the same vesting conditions as the underlying RSUs.

3. **Termination of Service**.

   a. General. In the event that the Participant's Continued Service terminates for any reason (and other than as provided in Section 4(a)(ii) below), all unvested RSUs shall be canceled immediately and the Participant shall not be entitled to receive any payments with respect thereto, except as otherwise determined by the Committee.
   b. Vesting on Death. Notwithstanding the foregoing, in the event of the Participant's termination of employment with the Company due to the Participant's death, any time-based unvested RSUs then held by the Participant shall, to the extent unvested, become immediately vested and settled in accordance with Section 1(b) above.

4. **Change in Control**.

   a. In the event of a Change in Control, if (i) the RSUs are not assumed, continued or substituted as provided in Section 12(b) of the Plan, or (ii) if the Participant incurs an involuntary termination without Cause (as determined by the Committee, in its sole discretion, taking into consideration its powers under the Plan and any offers of employment by an acquirer (or its affiliates) in connection with such Change in Control) or resigns with Good Reason (as defined below), in each case, within three months before or 12 months after the Change in Control, 100% of the RSUs then held by Participant (or the applicable assumed or substituted Award) shall become fully vested.

b. For purposes of this Award Agreement, "Good Reason" shall mean, for any Participant that has an employment agreement or offer letter or similar agreement with the Company or its Affiliates that contains a definition of "Good Reason" (or term of similar meaning), the definition of "Good Reason" in such employment agreement or offer letter or similar agreement, and for any other Participant: (i) a reduction in the Participant's base salary; (ii) a material reduction in the Participant's annual bonus opportunity; or (iii) a geographical relocation of the Participant's primary work location to be any place outside a 50-mile radius from the Participant's primary work location as of the Change in Control. The Participant's employment with the Company shall have been considered terminated with Good Reason if the Participant provides the Company with written notice (within ninety (90) days following the initial occurrence of the situation establishing the basis for Good Reason) setting forth the facts and circumstances resulting in Good Reason and allows the Company thirty (30) days to cure the situation. If the Company fails to cure and the Participant terminates his or her employment within thirty (30) days following the cure period, such termination shall be considered with Good Reason.

5. **No Rights as a Stockholder**. The Participant shall have no voting rights or other stockholder rights with respect to the RSUs unless and until the Participant becomes the record owner of the Shares underlying the RSUs.

6. **Tax Withholding**. The Participant shall be solely responsible for any applicable taxes (including, without limitation, income and excise taxes) and penalties, and any interest that accrues thereon, that the Participant incurs in connection with the receipt, vesting or settlement of any RSU granted hereunder. The Company shall be authorized to withhold from the Award the amount (in cash or Shares, or any combination thereof) of applicable withholding taxes due in respect of the Award, its settlement or any payment or transfer under the Award and to take such other action (including providing for elective payment of such amounts in cash or other property by the Participant) as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes, in accordance with Section 15(e) of the Plan.

7. **Clawback**. To the extent required by applicable law or the rules and regulations of the NYSE or any other securities exchange or inter-dealer quotation system on which the Shares are listed or quoted, or if so required pursuant to a written policy adopted by the Company, the RSUs shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into this Award Agreement). The Participant hereby acknowledges and agrees that the RSUs shall be subject to any clawback policies approved by the Committee from time to time, the Committee retains the right at all times to decrease or terminate all awards and payments under the Plan, and any and all amounts payable under the Plan, or paid under the Plan, shall be subject to clawback, forfeiture and reduction to the extent determined necessary to comply with applicable law and/or policies of the Company.

8. **Miscellaneous**

a. Compliance with Legal Requirements. The granting of the RSU, and any other obligations of the Company under this Award Agreement, shall be subject to all applicable U.S. federal, state and local laws, rules and regulations, all applicable non-U.S. laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. The Participant agrees to take all steps that the Committee or the Company determines are reasonably necessary to comply with all applicable provisions of U.S. federal and state securities law and non-U.S. securities law in exercising the Participant's rights under this Award Agreement.

b. Transferability. The RSUs shall be subject to Section 15(b) of the Plan.

c. Waiver. No amendment or modification of any provision of this Award Agreement shall be effective unless signed in writing by or on behalf of the Company and the Participant, except that the Company may amend or modify this Award Agreement without the Participant's consent in accordance with the provisions of the Plan or as otherwise set forth in this Award Agreement. No waiver of any breach or condition of this Award Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature. Any amendment or modification of or to any provision of this Award Agreement, or any waiver of any provision of this Award Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given.

d. Section 409A. This Award Agreement is intended to be exempt from Section 409A of the Code and the regulations thereunder pursuant to the "short-term deferral" exceptions thereunder. To the extent applicable, this Award Agreement is intended to comply with the requirements of Section 409A of the Code and the regulations thereunder, and the provisions of this Award Agreement shall be interpreted in a manner that satisfies the requirements of Section 409A of the Code, and this Award Agreement shall be operated accordingly. If any provision of this Award Agreement or any term or condition of the RSUs would otherwise conflict with this intent, the provision, term or condition shall be interpreted and deemed amended so as to avoid this conflict. Notwithstanding anything else in this Award Agreement, if the Committee considers the Participant to be a "specified employee" under Section 409A of the Code at the time of the Participant's "separation from service" (as defined in Section 409A of the Code), and the amount hereunder is "deferred compensation" subject to Section 409A of the Code any distribution that otherwise would be made to such Participant with respect to RSUs as a result of such separation from service shall not be made until the date that is six months after such separation from service, except to the extent that earlier distribution would not result in the Participant's incurring interest or additional tax under Section 409A of the Code. If the Award includes a "series of installment payments" (within the meaning of Section 1.409A-2(b)(2)(iii) of the Treasury Regulations), the Participant's right to the series of installment payments shall be treated as a right to a series of separate payments and not as a right to a single payment. Notwithstanding the foregoing, the tax treatment of the benefits provided under this Award Agreement is not warranted or guaranteed, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A of the Code.

e. General Assets. This Award Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying Award, in and of itself, has any assets. The Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the RSUs, as and when settled pursuant to the terms of this Agreement.

f. Notices. Any notices provided for in this Award Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax, pdf/email or overnight courier, or by postage-paid first-class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, to the attention of the General Counsel at the Company's principal executive office.

g. Severability. The invalidity or unenforceability of any provision of this Award Agreement shall not affect the validity or enforceability of any other provision of this Award Agreement, and each other provision of this Award Agreement shall be severable and enforceable to the extent permitted by law.

h. No Rights to Employment, Directorship or Service. Nothing contained in this Award Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant or director of the Company or any of its Affiliates or shall interfere with or restrict in any way the rights of the Company or any of its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Participant at any time for any reason whatsoever.

i. Fractional Shares. The Company shall be under no obligation to issue a fraction of a share of Common Stock resulting from any settlement of the RSUs or an adjustment of the RSUs pursuant to Section 11 of the Plan or otherwise.

j. Beneficiary. The Participant may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation.

k. Successors. The terms of this Award Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and of the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

l. Entire Agreement. The Participant has received a copy of the Plan and is familiar with the terms and provisions thereof (and has had an opportunity to consult counsel regarding the RSU terms). The grant of the RSUs constitutes additional consideration to the Participant for the Participant's continued and future compliance with any restrictive covenants in favor of the Company under the Participant's employment agreement or other agreement by which the Participant is otherwise bound. The Participant hereby agrees to accept as binding, conclusive and final all decisions and interpretations of the Committee regarding any questions relating to the RSU. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Award Agreement, the Plan terms and provisions shall prevail. This Award Agreement, including the Plan, constitutes the entire agreement between the Participant and the Company on the subject matter hereof and supersedes all proposals, written or oral, and all other communications between the parties relating to such subject matter.

m. Governing Law. This Award Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof, or principles of conflicts of laws of any other jurisdiction that could cause the application of the laws of any jurisdiction other than the State of Delaware.

n. Dispute Resolution; Consent to Jurisdiction. All disputes between or among any Persons arising out of or in any way connected with the Plan, this Award Agreement or the RSUs shall be solely and finally settled by the Committee, acting in good faith, the determination of which shall be final. Any matters not covered by the preceding sentence shall be solely and finally settled in accordance with the Plan, and the Participant and the Company consent to the personal jurisdiction of the United States federal and state courts sitting in Wilmington, Delaware, as the exclusive jurisdiction with respect to matters arising out of or related to the enforcement of the Committee's determinations and resolution of matters, if any, related to the Plan or this Award Agreement not required to be resolved by the Committee. Each such Person hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the last known address of such Person, such service to become effective ten days after such mailing.

o. Waiver of Jury Trial. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Award Agreement or the transactions contemplated (whether based on contract, tort or any other theory). Each party hereto (A) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (B) acknowledges that it and the other parties hereto have been induced to enter into this Award Agreement by, among other things, the mutual waivers and certifications in this section.

p. International Participants. To the extent the Participant resides or works outside of the United States or is subject to non-U.S. legal restrictions or regulations, the Committee may amend the terms of this Award Agreement in order to conform the terms hereunder or accommodate the requirements of local laws, procedures or practices or to obtain more favorable tax or other treatment for the Participant, the Company or its Affiliates. Without limiting the generality of this Section, the Committee is specifically authorized to adopt rules and procedures with provisions that limit or modify rights on death, disability, retirement or other terminations of employment, available methods of settlement of the RSUs granted hereunder, payment of income, social insurance contributions or payroll taxes, withholding procedures and handling of any stock certificates or other indicia of ownership that vary with local requirements. The Committee may also adopt rules or procedures applicable to particular Subsidiaries, Affiliates or locations.

q. Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Award Agreement.

r. Counterparts. The Notice may be executed in one or more counterparts (including via facsimile and electronic image scan (pdf)), each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument, or may be accepted by any electronic means.

s. Electronic Signature and Delivery. The Participant consents to the electronic delivery of prospectuses, annual reports and other information required to be delivered by U.S. Securities and Exchange Commission rules (which consent may be revoked in writing by the Participant at any time upon three business days' notice to the Company, in which case subsequent prospectuses, annual reports and other information shall be delivered in hard copy to the Participant).

t. Electronic Participation in Plan. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

Exhibit 10.2

CLEAR SECURE, INC.
2021 OMNIBUS INCENTIVE PLAN
NOTICE OF PERFORMANCE-BASED RSU GRANT

The undersigned Participant has been granted performance-vesting restricted stock units (‘RSUs”) with respect to Common Stock of the Company, subject to the terms and conditions of this Notice of RSU Grant, the attached RSU Award Agreement and the 2021 Omnibus Incentive Plan (as amended from time to time, the “Plan”), as follows:

Participant: [__]

Number of Shares Underlying RSUs: [__]

Date of Grant: [__]

Vesting Schedule: Except as otherwise provided in the RSU Award Agreement attached hereto as Annex I, the RSUs shall vest on [__________] (the “Vesting Date”), subject to both (a) the Participant’s continued employment with, service as a director of, or engagement to provide services to the Company or any of its Affiliates (“Continued Service”) through the applicable Vesting Date and (b) the satisfaction of the financial targets set forth on Exhibit A. Any fractional RSU resulting from the application of the Vesting Schedule shall be aggregated and the RSU resulting from such aggregation shall vest on the final Vesting Date.

By accepting (whether in writing, electronically or otherwise) the RSUs, you acknowledge and agree that the RSUs are granted under and governed by the additional terms and conditions of the Plan and the RSU Award Agreement set forth on Annex I, each of which is hereby made a part of this document.

PARTICIPANT CLEAR SECURE, INC.
By:
Title:

ANNEX I

CLEAR SECURE. INC.
2021 OMNIBUS INCENTIVE PLAN
TIME-BASED RSU AWARD AGREEMENT

Pursuant to the Notice of RSU Grant ("Notice") and this RSU Award Agreement (together with the Notice, this "Award Agreement"), Clear Secure, Inc. (together with its Subsidiaries, whether existing or thereafter acquired or formed, and any and all successor entities, the "Company") has granted the Participant restricted stock units (the "RSUs") under the Clear Secure, Inc. 2021 Omnibus Incentive Plan (as amended from time to time, the "Plan") with respect to the number of Shares indicated in the Notice. Each RSU represents the right to receive one Share. The RSUs are granted to the Participant effective as of the Date of Grant set forth in the Notice. Capitalized terms not explicitly defined in this Award Agreement or in the Notice but defined in the Plan shall have the same definitions as in the Plan.

1. **Vesting Schedule; Settlement**.

   a. Vesting Schedule. Subject to the provisions contained herein, the RSUs shall vest as provided in the Notice.

   b. Settlement. Subject to the provisions of this Award Agreement, upon the vesting of any of the RSUs, the Company shall deliver to the Participant (or the Participant's beneficiary, in the event of the Participant's death prior to settlement, or Permitted Transferee, as applicable), as soon as reasonably practicable after the Vesting Date (or, if applicable, an earlier vesting date under Section 3 or Section 4(a)), one Share for each RSU, provided that such delivery of Shares shall be made no later than the 30th day after the Vesting Date (or, if applicable, an earlier vesting date under Section 3 or Section 4(a)). Upon such delivery, such Share shall be fully assignable, saleable and transferable by the Participant, provided that any such assignment, sale, transfer or other alienation with respect to such Shares shall be in accordance with applicable securities laws.

2. **Dividend Equivalents**. Unless otherwise provided by the Committee, the Participant shall not be eligible to receive dividend equivalents with respect to the RSUs unless and until the Participant becomes the record owner of the Shares underlying the RSUs; to the extent the Committee provides for the accrual of dividend equivalents with respect to unvested RSUs, such accrued dividend equivalents be subject to the same vesting conditions as the underlying RSUs.

3. **Termination of Service**.

   a. General. In the event that the Participant's Continued Service terminates for any reason (and other than as provided in Section 4(a)(ii) below), all unvested RSUs shall be canceled immediately and the Participant shall not be entitled to receive any payments with respect thereto, except as otherwise determined by the Committee.

   b. Vesting on Death. Notwithstanding the foregoing, in the event of the Participant's termination of employment with the Company due to the Participant's death, a pro rata share of performance-based unvested RSUs then held by the Participant shall, to the extent unvested, become immediately vested and settled in accordance with Section 1(b) above. Such pro rata share shall be based on time served (rounded up to the nearest whole year) during the performance period, with the number of shares based on target performance (unless actual performance is determinable at the time of such termination).

4. **Change in Control**.

   a. In the event of a Change in Control, if (i) the RSUs are not assumed, continued or substituted as provided in Section 12(b) of the Plan, or (ii) if the Participant incurs an involuntary termination without Cause (as determined by the Committee, in its sole discretion, taking into consideration its powers under the Plan and any offers of employment by an acquirer (or its affiliates) in connection with such Change in Control) or resigns with Good Reason (as defined below), in each case, within three months before or 12 months after the Change in Control, 100% of the RSUs then held by Participant (or the applicable assumed or substituted Award) shall become fully vested.

b. For purposes of this Award Agreement, "Good Reason" shall mean, for any Participant that has an employment agreement or offer letter or similar agreement with the Company or its Affiliates that contains a definition of "Good Reason" (or term of similar meaning), the definition of "Good Reason" in such employment agreement or offer letter or similar agreement, and for any other Participant: (i) a reduction in the Participant's base salary; (ii) a material reduction in the Participant's annual bonus opportunity; or (iii) a geographical relocation of the Participant's primary work location to be any place outside a 50-mile radius from the Participant's primary work location as of the Change in Control. The Participant's employment with the Company shall have been considered terminated with Good Reason if the Participant provides the Company with written notice (within ninety (90) days following the initial occurrence of the situation establishing the basis for Good Reason) setting forth the facts and circumstances resulting in Good Reason and allows the Company thirty (30) days to cure the situation. If the Company fails to cure and the Participant terminates his or her employment within thirty (30) days following the cure period, such termination shall be considered with Good Reason.

5. **No Rights as a Stockholder**. The Participant shall have no voting rights or other stockholder rights with respect to the RSUs unless and until the Participant becomes the record owner of the Shares underlying the RSUs.

6. **Tax Withholding**. The Participant shall be solely responsible for any applicable taxes (including, without limitation, income and excise taxes) and penalties, and any interest that accrues thereon, that the Participant incurs in connection with the receipt, vesting or settlement of any RSU granted hereunder. The Company shall be authorized to withhold from the Award the amount (in cash or Shares, or any combination thereof) of applicable withholding taxes due in respect of the Award, its settlement or any payment or transfer under the Award and to take such other action (including providing for elective payment of such amounts in cash or other property by the Participant) as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes, in accordance with Section 15(e) of the Plan.

7. **Clawback**. To the extent required by applicable law or the rules and regulations of the NYSE or any other securities exchange or inter-dealer quotation system on which the Shares are listed or quoted, or if so required pursuant to a written policy adopted by the Company, the RSUs shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into this Award Agreement). The Participant hereby acknowledges and agrees that the RSUs shall be subject to any clawback policies approved by the Committee from time to time, the Committee retains the right at all times to decrease or terminate all awards and payments under the Plan, and any and all amounts payable under the Plan, or paid under the Plan, shall be subject to clawback, forfeiture and reduction to the extent determined necessary to comply with applicable law and/or policies of the Company.

8. Miscellaneous.

a. Compliance with Legal Requirements. The granting of the RSU, and any other obligations of the Company under this Award Agreement, shall be subject to all applicable U.S. federal, state and local laws, rules and regulations, all applicable non-U.S. laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. The Participant agrees to take all steps that the Committee or the Company determines are reasonably necessary to comply with all applicable provisions of U.S. federal and state securities law and non-U.S. securities law in exercising the Participant's rights under this Award Agreement.

b. Transferability. The RSUs shall be subject to Section 15(b) of the Plan.

c. Waiver. No amendment or modification of any provision of this Award Agreement shall be effective unless signed in writing by or on behalf of the Company and the Participant, except that the Company may amend or modify this Award Agreement without the Participant's consent in accordance with the provisions of the Plan or as otherwise set forth in this Award Agreement. No waiver of any breach or condition of this Award Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature. Any amendment or modification of or to any provision of this Award Agreement, or any waiver of any provision of this Award Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given.

d. Section 409A. This Award Agreement is intended to be exempt from Section 409A of the Code and the regulations thereunder pursuant to the “short-term deferral” exceptions thereunder. To the extent applicable, this Award Agreement is intended to comply with the requirements of Section 409A of the Code and the regulations thereunder, and the provisions of this Award Agreement shall be interpreted in a manner that satisfies the requirements of Section 409A of the Code, and this Award Agreement shall be operated accordingly. If any provision of this Award Agreement or any term or condition of the RSUs would otherwise conflict with this intent, the provision, term or condition shall be interpreted and deemed amended so as to avoid this conflict. Notwithstanding anything else in this Award Agreement, if the Committee considers the Participant to be a “specified employee” under Section 409A of the Code at the time of the Participant’s “separation from service” (as defined in Section 409A of the Code), and the amount hereunder is “deferred compensation” subject to Section 409A of the Code any distribution that otherwise would be made to such Participant with respect to RSUs as a result of such separation from service shall not be made until the date that is six months after such separation from service, except to the extent that earlier distribution would not result in the Participant’s incurring interest or additional tax under Section 409A of the Code. If the Award includes a “series of installment payments” (within the meaning of Section 1.409A-2(b)(2)(iii) of the Treasury Regulations), the Participant’s right to the series of installment payments shall be treated as a right to a series of separate payments and not as a right to a single payment. Notwithstanding the foregoing, the tax treatment of the benefits provided under this Award Agreement is not warranted or guaranteed, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A of the Code.

e. General Assets. This Award Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying Award, in and of itself, has any assets. The Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the RSUs, as and when settled pursuant to the terms of this Agreement.

f. Notices. Any notices provided for in this Award Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax, pdf/email or overnight courier, or by postage-paid first-class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, to the attention of the General Counsel at the Company's principal executive office.

g. Severability. The invalidity or unenforceability of any provision of this Award Agreement shall not affect the validity or enforceability of any other provision of this Award Agreement, and each other provision of this Award Agreement shall be severable and enforceable to the extent permitted by law.

h. No Rights to Employment, Directorship or Service. Nothing contained in this Award Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant or director of the Company or any of its Affiliates or shall interfere with or restrict in any way the rights of the Company or any of its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Participant at any time for any reason whatsoever.

i. Fractional Shares. The Company shall be under no obligation to issue a fraction of a share of Common Stock resulting from any settlement of the RSUs or an adjustment of the RSUs pursuant to Section 11 of the Plan or otherwise.

j. Beneficiary. The Participant may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation.

k. Successors. The terms of this Award Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and of the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

l. Entire Agreement. The Participant has received a copy of the Plan and is familiar with the terms and provisions thereof (and has had an opportunity to consult counsel regarding the RSU terms). The grant of the RSUs constitutes additional consideration to the Participant for the Participant's continued and future compliance with any restrictive covenants in favor of the Company under the Participant's employment agreement or other agreement by which the Participant is otherwise bound. The Participant hereby agrees to accept as binding, conclusive and final all decisions and interpretations of the Committee regarding any questions relating to the RSU. In the event of a conflict between the terms and provisions of the Plan and the terms and provisions of this Award Agreement, the Plan terms and provisions shall prevail. This Award Agreement, including the Plan, constitutes the entire agreement between the Participant and the Company on the subject matter hereof and supersedes all proposals, written or oral, and all other communications between the parties relating to such subject matter.

m. Governing Law. This Award Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof, or principles of conflicts of laws of any other jurisdiction that could cause the application of the laws of any jurisdiction other than the State of Delaware.

n. Dispute Resolution; Consent to Jurisdiction. All disputes between or among any Persons arising out of or in any way connected with the Plan, this Award Agreement or the RSUs shall be solely and finally settled by the Committee, acting in good faith, the determination of which shall be final. Any matters not covered by the preceding sentence shall be solely and finally settled in accordance with the Plan, and the Participant and the Company consent to the personal jurisdiction of the United States federal and state courts sitting in Wilmington, Delaware, as the exclusive jurisdiction with respect to matters arising out of or related to the enforcement of the Committee's determinations and resolution of matters, if any, related to the Plan or this Award Agreement not required to be resolved by the Committee. Each such Person hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the last known address of such Person, such service to become effective ten days after such mailing.

o. Waiver of Jury Trial. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Award Agreement or the transactions contemplated (whether based on contract, tort or any other theory). Each party hereto (A) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (B) acknowledges that it and the other parties hereto have been induced to enter into this Award Agreement by, among other things, the mutual waivers and certifications in this section.

p. International Participants. To the extent the Participant resides or works outside of the United States or is subject to non-U.S. legal restrictions or regulations, the Committee may amend the terms of this Award Agreement in order to conform the terms hereunder or accommodate the requirements of local laws, procedures or practices or to obtain more favorable tax or other treatment for the Participant, the Company or its Affiliates. Without limiting the generality of this Section, the Committee is specifically authorized to adopt rules and procedures with provisions that limit or modify rights on death, disability, retirement or other terminations of employment, available methods of settlement of the RSUs granted hereunder, payment of income, social insurance contributions or payroll taxes, withholding procedures and handling of any stock certificates or other indicia of ownership that vary with local requirements. The Committee may also adopt rules or procedures applicable to particular Subsidiaries, Affiliates or locations.

q. Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Award Agreement.

r. Counterparts. The Notice may be executed in one or more counterparts (including via facsimile and electronic image scan (pdf)), each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument, or may be accepted by any electronic means.

s. Electronic Signature and Delivery. The Participant consents to the electronic delivery of prospectuses, annual reports and other information required to be delivered by U.S. Securities and Exchange Commission rules (which consent may be revoked in writing by the Participant at any time upon three business days' notice to the Company, in which case subsequent prospectuses, annual reports and other information shall be delivered in hard copy to the Participant).

t. Electronic Participation in Plan. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

Exhibit A

Vesting Criteria for Performance Based Units

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)) 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. 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

c. 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:	August 15, 2022	By:	/s/ Caryn Seidman-Becker
			Caryn Seidman-Becker
			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)) 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. 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

c. 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:	August 15, 2022	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 June 30, 2022 (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:	August 15, 2022	By:	/s/ Caryn Seidman-Becker
			Caryn Seidman-Becker
			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 June 30, 2022 (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:	August 15, 2022	By:	/s/ Kenneth Cornick
			Kenneth Cornick
			President and Chief Financial Officer
			(Principal Financial Officer)