

## Risk Factors Comparison 2025-02-26 to 2024-02-28 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

The following is a summary of the principal risks that could adversely affect our business, operations and financial results. For a more complete discussion of the material risks facing our business, please see below.

- failure to add new and retain existing Members, ~~increase~~ **including Active** CLEAR Plus memberships ~~Members~~, or increase the utilization of our platform ; ~~→~~, **and the** failure to add new or retain existing partners ~~or profit from partner relationships~~; • our inability to meet stakeholder expectations or maintain the value and reputation of our brand ; ~~→~~ **risks associated with our financial performance, including the risk of increased expenses and net losses in the near term and our ability to achieve or sustain profitability in the future**; • failure to successfully compete against existing and future competitors, and the highly competitive market in which we operate; • risks associated with the increased adoption of new technological solutions and services, including third- party identity verification solutions and credential authentication solutions , ~~at locations where we operate or may operate in the future~~; • public confidence in, and acceptance of, identity platforms and biometrics generally, and our platform specifically ; • **failure to implement successful strategies to increase adoption of our platform or expand into new verticals**; • risks associated with our commercial agreements and strategic alliances, as well as potential indemnification obligations, and certain of our agreements with third parties; • **portions of our business and results of operations depend upon concessionaire agreements**; • risks associated with our growth and ability to develop and introduce platform features and offerings , **and the need for adequate research and development resources**; • risks associated with any decline or disruption in the travel industry or a general economic downturn; • **we may require additional capital to support our business growth and objectives, and this capital may not be available to us on reasonable terms (or at all) and may result in shareholder dilution**; • risks associated with acquisitions and other strategic transactions; • the need for high- quality personnel; • risks associated with the complexity of our platform, including the negative impacts of any errors, system failures or the successful implementation of upgrades or new technology; • our marketing efforts may not be effective; • risks associated with changes in the Internet browsers and mobile device accessibility of Members; • the ability to maintain our corporate culture; • risks associated with payment processing; • potential adverse impacts of climate change; • our limited experience operating outside of the United States and risks associated with international operations; • risks associated with breaches of our information technology systems **or those of third parties upon which we rely**, protection of our intellectual property, technology and confidential information and failures by third- party technology and devices on which our business relies; • our reliance on third- party technology and information systems to help complete critical business functions and our ability to find alternatives if such third- party technology and information systems fail; • **the potential for liability due to the infringement on third- party intellectual property by technologies that we incorporate into our products**; • our ability to meet the standards set for our airport operations by governmental stakeholders; • we may be sued by third parties for alleged infringement, misappropriation or other violations of intellectual property and other proprietary rights; • risks associated with the actual or perceived failure to comply with applicable biometrics, artificial intelligence, health information and data privacy laws; • failure to comply with the constantly evolving laws and regulations that we are or may become subject to; • the risk of potential legal proceedings, regulatory disputes and governmental inquiries; • the coverage afforded under our insurance policies may be inadequate; • risks associated with the use of “ open source ” software; • limitations of the SAFETY Act’ s liability protections; • risks associated with our financial performance, including the risk of increased expenses and net losses in the near term and ~~our ability to meet~~ **achieve or sustain profitability in the standards set future**; • the failure of our estimates or judgments relating to our critical accounting policies to prove correct; • our focus on delivering a safe, reliable, predictable and frictionless Member experience may not maximize short- term financial results, which may yield results that conflict with the market’ s expectations and could result in our stock price being negatively affected; • risks associated with our structure as a holding company, and our reliance on Alclear ~~for certain distributions~~; • risks associated with dividend payments and share repurchases; • risks associated with ~~our airport operations~~ **organizational structure, including those related to our Tax Receivable Agreement, and tax related payments we may be required to make**; • we are controlled by governmental stakeholders ~~the Founder Post- IPO Members, whose interests in our business may be different than yours~~ ; ~~and~~ **restrictions of our Credit Agreement**; • the unpredictable nature of tax attributes that will impact our tax treatment; • substantial future sales of shares of our Class A Common Stock could cause our stock price to fall; • failure to maintain adequate internal controls; • provisions in ~~comply with the constantly evolving laws and regulations that we are subject to or~~ **our charter documents and certain rules imposed by regulatory authorities may become subject delay or prevent our acquisition by a third party**; • the volatility of our stock price; • risks related to **the Founder PSUs**; and • we may issue preferred securities, the terms of which could adversely affect the voting power or value of our Common Stock .

Risks Related to Our Business, Brand and Operations If we fail to add new and retain existing Members, ~~increase~~ **including Active** CLEAR Plus memberships ~~Members~~, or increase the utilization of our platform, our business, results of operations and financial condition would be materially and adversely affected. Our business and financial results depend significantly on adding new and retaining existing Members, increasing the number of CLEAR Plus Members, including by converting non- paying Members to paying Members, and the utilization of our platform by our Members. There can be no assurances that we will be successful at accomplishing any of the foregoing. Member growth, retention and utilization of our platform is in part dependent on our ability to introduce new services to our Members, expand our airport footprint, promote and increase awareness of our ~~existing and new~~

offerings and satisfy or exceed the expectations of our Members with our platform and offerings. We have derived substantially all of our historical revenue from CLEAR Plus, our consumer aviation subscription service. To grow and diversify our revenue, we will need to increase the number of paying Active CLEAR Plus Members and the utilization of our platform, and continue to offer services that are considered valuable to our CLEAR Plus Members. Failure to do so could adversely affect our business, results of operations and financial condition. Our success in maintaining and increasing our Member base depends in part on our ability to identify use cases that are important and valuable to our Members in a timely manner. If we are unable to introduce new or enhanced platform features in a timely manner or our features are not accepted by our Members, potential competitors may introduce similar offerings faster than us or operate in new locations, which could negatively affect our results. Moreover, our new features may not receive consumer acceptance as preferences could shift rapidly to different types of solutions or away from these types of offerings altogether, and our future success depends in part on our ability to anticipate and respond to these changes. Even if we are successful in anticipating needs and consumer preferences, our ability to address them will depend upon our ability to develop and introduce innovative, high-quality features. Development of new or enhanced features may require significant time and investment, which could result in increased costs and a reduction in our profit margins. If CLEAR Plus Members do not perceive our aviation subscription service to be of value, including if we adjust pricing in a manner that is not favorably received by CLEAR Plus Members, we may not be able to attract and retain CLEAR Plus Members, and accordingly, our revenue, including revenue per paying CLEAR Plus Member, and results of operations may be adversely affected. We have in the past, and may in the future, expand CLEAR Plus membership to include benefits in addition to use at our partner airports, such as free access to CLEAR Mobile and CLEAR Perks. If our efforts to develop and offer more benefits are not valued by our current and future CLEAR Plus Members, our ability to attract and retain CLEAR Plus Members, or increase pricing, may be negatively impacted. We have and may, from time to time, adjust our CLEAR Plus membership pricing, our family plans, or our pricing model itself. For example, we have increased CLEAR Plus membership rates, as well as the price of a family member, in 2022, 2023 and 2024, and may continue to adjust pricing in the future. These and other adjustments may not be well-received by CLEAR Plus Members, and could negatively impact our ability to attract and retain CLEAR Plus Members, revenues per paying CLEAR Plus Member, revenue and our results of operations. Our ability to attract and retain Members, as well as to increase the number of Active CLEAR Plus Members and the utilization of our platform by our Members, could be materially adversely affected by a number of factors discussed elsewhere in these “Risk Factors,” including: • increased competition and use of our competitors’ platforms and services; • our failure to maintain our existing or provide new or enhanced offerings that Members value; • our failure to attract new partners or retain existing partners who in turn drive membership; • negative associations or perceptions with, reduced awareness of, or negative publicity about, our brand, platform or biometrics in general; • security incidents that may involve or be alleged to involve us, such as breaches of our information technology systems or other security incidents that may involve or be alleged to involve us; and • macroeconomic and other conditions and events outside of our control, such as pandemics and health concerns, decreased levels of travel or attendance at events, terrorism, war or military actions, civil unrest, political instability and general economic conditions, including an economic downturn, recession, financial instability, inflation or changes in consumer tastes and preferences. In addition, if Members stop trusting our platform or have an unsatisfactory experience with our platform or our Ambassadors, such as during an enrollment or verification, or we are unable to offer new and relevant offerings and features, we could be unsuccessful at continuing to grow our membership or expanding the use of our platform. Any of the foregoing could materially and adversely affect our business, results of operations and financial condition. If we fail to add new or retain existing partners, or profit from partner relationships, our business, results of operations and financial condition could be materially and adversely affected. The growth of our business, including our membership base, geographic footprint and financial results, also depends on adding new partners and retaining existing partners, as well as increasing the revenue generated from both new and existing paying partners. Our partners help increase our opportunities to attract new Members and, in some cases, help subsidize new and existing memberships. However, we may be unsuccessful at adding new partners, retaining existing partners or monetizing our partner relationships, and our success is subject to a number of the risks that we face in expanding our membership base. See “— If we fail to add new and retain existing Members, increase including Active CLEAR Plus memberships Members, or increase the utilization of our platform, our business, results of operations and financial condition would be materially and adversely affected” above. If our partners stop trusting our platform, or if or our they partners or our Members have an unsatisfactory experience with our platform, we are unable to offer new and relevant offerings and features or we are unable to increase the adoption of our platform, we could be unsuccessful at continuing to grow our partner network or increase the revenue generated from existing partners, which could hamper our prospects. This could in turn have an adverse impact on our ability to grow our membership base. If certain partners that subsidize new and existing memberships do not renew their agreements with us we could lose a portion of the affected Members, which could impact our revenue and retention rate rates. Any of the foregoing could materially and adversely affect our business, results of operations and financial condition. If we are not able to meet stakeholder expectations or to maintain the value and reputation of our brand, our business and financial results may be harmed. We believe that our brand is important to attracting and retaining Members and partners. Our business is and prospects are dependent on our ability to build, maintain and expand trust in our brand and our platform from a variety of different stakeholders. Building and maintaining our brand depends on our ability to provide consistent, accurate, high-quality services to our Members and partners, as well as protect the information that we gather, which may include personal information. It also requires us to understand the evolving expectations of our stakeholders rapidly, and to adjust our offerings to meet them. An inability to accurately understand the expectations of or forecast changes in our stakeholders, or any failure to meet the expectations of our stakeholders, could have a material adverse effect on our brand, and therefore on our business, results of operations and financial condition. Failure to meet these continuously evolving

stakeholder expectations could diminish the trust in our brand and platform. While it is our mission to continue to build and expand the trust in our brand and our platform from all stakeholders, any actual or perceived failure to do so could result in a decreased number of Members, decreased use of our platform by our Members, slower growth in our platform and business than we expect, a discontinuation of our partnerships and relationships, and a negative impact on our ability to **continue in, or** expand into **,** other sectors or industries, any of which could have a material and adverse effect on our business, prospects, results of operations and financial condition. ~~Our Members expect us to protect their personal information, including their biometric information and health information, and provide them with safe, reliable, predictable and frictionless experiences where they choose to use our platform.~~ Our partners expect us to build and maintain a world- class secure technology infrastructure and accurately perform the services **we offer** for which they depend on us, such as correctly identifying a Member and correctly connecting a Member with their information ~~, such as a boarding pass, event ticket or health information.~~ Aviation industry stakeholders such as our airline, airport and governmental partners expect us to continue to enhance aviation security. As the use cases for our platform expand, we expect to see increased attempts to fraudulently utilize our platform, **some of which in the past have been, and may in the future be, successful.** Fraudulent activity and other actual or perceived failures to maintain the integrity of our platform may lead to reputational and financial damage to our brand, negative impacts to our partner relationships, and reduced usage of our products and services, all of which could have a material adverse impact on our business. We operate in a highly competitive market, and we may be unable to compete successfully against existing and future competitors. Our market is intensely competitive with respect to every aspect of our business, and we expect competition to increase in the future ~~from established businesses and new market entrants.~~ We anticipate that both our existing and future services and our expansion into new verticals will face competition from a variety of other companies and organizations. Other companies may strive or choose to perform services related to confirming an individual' s identity as a standalone task or related to a specific transaction, which would increase the competition we currently face. For example, large, well- established technology platforms, such as Alphabet / Google, Amazon, Apple, Microsoft or Meta or well- known companies in the credit card industry may currently be developing, or in the future could acquire, develop or expand, a platform that competes directly with some or all of our solutions. Other potential competitors include providers of decentralized identity verification platforms or verification services, including know your customer services. Additionally, biometric hardware companies and platform companies that also offer hardware may develop applications that directly or indirectly compete with our platform. We face competition from two other private entities that are authorized to compete with us in enrolling Members on TSA' s behalf for TSA PreCheck ®. We also face ~~indirect~~ competition from solutions that could be developed in- house by our existing and future partners ~~, including companies in the airline, entertainment, healthcare and financial industries,~~ and by governmental agencies, which could result in lost revenues and otherwise have a material adverse effect on our business, results of operations and financial condition. Many of our existing and potential competitors have substantial competitive advantages, such as greater name recognition and longer operating histories, economies of scale, larger sales and marketing departments, budgets and resources, broader distribution and established relationships with channel partners and customers, greater customer support resources, greater resources to make acquisitions or to spend on research and development, lower labor and development costs, larger and more mature intellectual property portfolios and substantially greater financial, technical and other resources. Additionally, some of our larger competitors have substantially broader product offerings and could leverage their relationships based on other products they offer or incorporate functionality into, or completely repurpose, existing products or offerings to gain business or have other advantages that can allow them to develop and deploy new solutions more quickly than we do. Start- up companies that innovate and large competitors that are making significant investments in research and development may invent similar or superior products and technologies that compete with our solutions. Acquisitions of our competitors by companies that have more resources than us could have a negative impact on our competitive position. Some of our competitors may enter into alliances with each other or other companies or governmental agencies, or may establish or strengthen cooperative relationships with system integrators, third- party consulting firms or other parties. Any such consolidation, acquisitions, alliances or cooperative relationships could lead to pricing pressure and loss of market share and could result in one or more competitors with greater financial, technical, marketing, service and other resources, all of which could harm our competitive position. Furthermore, organizations may be more willing to incrementally add solutions to their existing infrastructure from our competitors than to replace their existing infrastructure with our solutions. These competitive pressures in our market or our failure to compete effectively may result in fewer Members and partners and reduced revenue and gross margins. Any failure to meet and address these factors could adversely affect our business, results of operations and financial condition. Increased adoption of new technological solutions and services, including third- party identity verification and credential authentication solutions, at locations where we operate or may operate in the future could impact our business. Private industry and governmental agencies ~~have continue to increased~~ **increase** their efforts related to developing and launching identity verification and credential authentication solutions, and we expect this trend to continue. For example, certain airlines, technology providers and the Transportation Security Administration (“ TSA ”) are **developing** ~~exploring new~~ technological solutions, in some cases including the use of identity verification technology or biometrics, that may gain widespread acceptance in locations where we operate, such as airports, or where we may operate in the future. In addition, the federal government has conducted a number of proof of concept demonstrations to evaluate identity verification technologies and other credential authentication technologies at airport checkpoints, intends to expand use of its own biometric credential authentication technologies (“ CAT ”), at additional airport checkpoints, and is continuing to explore digital identities at checkpoints generally. The TSA has publicly stated its intent to require all travelers to be processed through CAT machines in the future, either through travelers presenting physical IDs or through the ~~transmittal~~ **transmission** of digital ID credentials. Additionally, state governments are issuing driver' s licenses in digital formats, and airlines have launched their own identity and credential authentication initiatives, in some cases with other identity verification partners. In many cases these initiatives

also include use of biometrics, either via centralized or decentralized platforms, and any of these platforms or standards may become universally accepted and preferred by the industry, the TSA, airlines, and our other partners. Widespread adoption of competing identity verification solutions or credential authentication solutions or standards (including TSA's own solutions) at airport checkpoints or other locations where we operate could adversely impact our ability to operate in the same manner as we operate today. Public confidence in, and acceptance of, identity platforms and biometrics generally, and our platform specifically, will be a key factor in our business's continued growth. Our profitability depends, in part, on public confidence in and acceptance of identity platforms and biometrics generally. Continued acceptance of identity platforms and biometric information as a secure and reliable method to identify individuals, mitigate risk and minimize fraud is an important factor in our continued growth. While both identity platforms and biometrics have become more widely adopted, they may not achieve universal acceptance. The attractiveness of our solutions to Members, partners and the locations where we operate is impacted by a number of factors, including the willingness of individuals to provide their personal information, including biometric information, to private or governmental entities, the level of confidence that such information can be stored safely and securely, and trust that such information will not be misused or breached. Certain individuals may never accept the use of biometrics as being safe. If identity platforms and biometrics do not achieve universal acceptance, our growth could be limited, which could materially adversely affect our business, results of operations and financial condition. We might not implement successful strategies to increase adoption of our platform or expand into new verticals, which would limit our growth. Our future profitability depends, in part, on our ability to successfully implement our strategies to increase adoption of our platform, expand into new verticals and develop new offerings. We cannot assure you that the ~~relatively new~~ market for our platform and ~~certain of~~ our existing and proposed offerings will remain viable. The market for identity verification solutions is still developing. The evolution of this market may result in the development of different technologies and industry standards that are not compatible with our current solutions, products, technologies or platform. Several organizations set standards for biometric identification and standards continue to evolve related to storage of biometric information or identity information. Although we believe that our technologies comply with existing standards, these standards may change and any standards adopted could prove disadvantageous to or incompatible with our business model and current or future solutions, products, services and platform. Our growth has been accelerated by our expansion from the aviation industry into different verticals, including travel and hospitality, KYC, **digital marketplaces**, live events and sports and healthcare. Our business strategies include expanding our platform and Member base within these verticals and ~~successfully~~ identifying and expanding into new verticals. There can be no assurances that we will be able to expand our business within existing verticals or successfully identify and expand into new verticals, or that any new verticals will provide us with successful opportunities and relationships. Implementing our growth strategies will require additional resources and investments. For example, we expect to invest substantial amounts to: • drive Member and partner awareness of our platform; • encourage new Members to sign up for and use our platform; • encourage businesses to introduce our platform; • enhance our information security infrastructure; • enhance our infrastructure to handle seamless processing and maintain the effectiveness of our solutions; • continue to develop state of the art technology; and • diversify our partner base. We may be required to incur significantly higher expenditures, ~~including marketing, equipment, labor, research and development, and compensation~~, than we currently anticipate to achieve the foregoing results. Such expenditures could have a greater negative impact on our results of operations if our revenues do not increase sufficiently. Our investments may not be successful and there can be no assurances that our growth strategies and plans will be achieved. Our commercial agreements and strategic alliances, as well as potential indemnification obligations, expose us to risk. We provide our platform to our partners through commercial agreements and strategic alliances. These arrangements can be complex and require substantial personnel and other resource commitments, which may limit the number of partners we can serve. If we are unable to quickly scale our business, or if we do not effectively manage our infrastructure and personnel capacity as we grow, we may not be able to achieve our growth plans. Furthermore, there could be a negative impact on existing alliances and business relationships.

**Under certain of our commercial agreements, the total amount of compensation we receive is partially dependent on the level of use at the relevant location, because we receive payment for each individual who uses our platform at that site.**

**Usage levels are due to a number of factors including many that are beyond our control, and if usage is lower than anticipated, the compensation we receive may be lower than expected.**

Additionally, certain of our agreements with ~~airports~~ **our partners**, ~~airlines, airport governing authorities, sports teams, arenas, event venues and other partners and~~ third parties include indemnification for losses suffered or incurred for a variety of reasons, such as a result of claims of intellectual property infringement, breaches of confidentiality, violations of law, security requirements, damage caused by us to property or persons, or other liabilities relating to or arising from the use of our platform or other acts or omissions. These provisions often survive termination or expiration of the applicable agreement. As we continue to grow, the possibility of infringement claims and other claims against us may increase **and, as a result**. ~~In connection with indemnification claims against us or our current or prior partners~~, we may incur significant legal expenses and may have to pay damages, settlement or license fees or stop using technology found to be in violation of the rights of one or more third- parties. These payments, if significant, could harm our business, results of operations and financial condition. We may also have to seek a license for the infringing or allegedly infringing technology. Such ~~license~~ **licenses** may not be available on reasonable terms, if at all, and may significantly increase our operating expenses or may require us to restrict our business activities and limit our ability to deploy certain offerings. As a result, we may also be required to develop alternative non- infringing technology, which could require significant effort and expense and / or cause us to alter our platform or solutions, which could negatively affect our business. Even if third- party claims against us lack merit, the expense and effort related to defending ourselves against these claims could be costly and time consuming. ~~Any assertions~~ **Assertions** by a third party, whether or not meritorious ~~or successful~~, ~~with respect to such~~ **indemnification obligations** could subject us to costly and time- consuming litigation, expensive remediation and licenses, divert management attention and financial resources, harm our relationship with ~~that customer~~ **customers**, reduce demand for our

platform and result in our brand, business, results of operations and financial condition being adversely affected. Under certain of our commercial agreements, the total amount of compensation we receive is partially dependent on the level of use at the relevant location, because we receive payment for each individual who uses our platform at that site. Usage levels are due to a number of factors including many that are beyond our control, and if usage is lower than anticipated, the compensation we receive may be lower than expected. As our agreements terminate, we may be unable to renew or replace these agreements on comparable terms, or at all. We may in the future be required to enter into amendments or new agreements on less favorable terms, which could adversely affect our business, results of operations and financial condition. Portions of our business and results of operations depend upon concessionaire agreements. A significant portion of our business involves providing our services at U. S. airports through the federal government's RT Program. These services involve entering into concessionaire agreements with the airport or airport operators where we operate. As is common with airport concessionaire agreements, our counterparties reserve the right to terminate the agreement upon the occurrence of certain events or for convenience. If our counterparties do not extend these agreements, or if they exercise an early termination, our sales, results of operations and financial condition would be negatively impacted. In addition, in certain airport locations our contract counterparty is an airline rather than the airport or airport operator. In these locations we are dependent on the continued partnership with these airlines in supporting our physical presence at the airport. The exit of an airline partner from a certain market, or changes in our relationships with these airline partners could result in our agreements not being extended or renewed, which could have a material adverse effect on our business, results of operations and financial condition, and could affect our growth opportunities. If we are not able to manage our growth or continue innovating, our business could be adversely affected. **Our ability to introduce new solutions and features is dependent on adequate research and development resources and may also depend on our ability to successfully complete acquisitions, which, if not adequately funded, may make us unable to compete effectively and our business and results of operations may be harmed.** We have expanded rapidly since we launched our platform in 2010, and our business growth depends on the continued expansion of our membership, network of partners and services. Our expansion and growth plans may not be successful and any future expansion will likely place **additional** demands on our managerial, operational, technological, administrative and financial resources. If we are not able to respond effectively to new or increased demands that arise because of our growth, or, if in responding, our management is materially distracted from our current operations, our business and prospects may be adversely affected. In addition, while we seek to develop new offerings and expand into new markets and industries, we may have limited or no experience in these **areas** **market segments and industries**, and our Members may not adopt our **product or service** offerings. We may incur significant expense in our attempts to innovate and create new offerings, and these attempts may ultimately not be successful. New offerings, which can present new and difficult technology challenges, may subject us to claims if Members **or partners** of these offerings experience service disruptions or failures or other quality issues. In addition, profitability, if any, in our newer activities may not meet our expectations, and we may not be successful enough **in these newer activities** to recoup our investments **in them**. Failure to realize the benefits of amounts we invest in new technologies, products or services could result in the value of those investments being written down or written off. **Maintaining adequate research and development resources, such as the appropriate personnel and development technology, to meet Member, partner and market demands is essential.** If we **elect not to or** are unable to **anticipate consumer preferences** **develop solutions internally, we may choose to, or requirements be required to, expand into a certain market or strategy via and an acquisition for which we could potentially pay too much or fail to** successfully **integrate into** develop and introduce new, innovative and updated platform features or our offerings in a timely manner **operations. Our failure to maintain adequate research and development resources or to compete** effectively **manage with the introduction research and development programs** of new or our enhanced platform features or offerings, **competitors would give an advantage to such competitors and** our business, results of operations and financial condition **may could** be adversely affected. **Moreover, there is no assurance** **Our success in** maintaining and increasing our Member base depends in part on our ability to identify use cases that are important to **our research and development** our **or Members acquisition efforts will successfully anticipate market needs and result in a timely manner significant new marketable solutions or enhancements to our solutions, design improvements, cost savings, revenues or other expected benefits.** If we are unable to **generate an adequate return on such investments, we may** introduce new or enhanced platform features in a timely manner or our features are not **be able to compete effectively and** accepted by our Members, potential competitors may introduce similar offerings faster than us or **our business and** operate in new locations, which could negatively affect our results. Moreover, our new features may not receive consumer acceptance as preferences could shift rapidly to different types of **operations** solutions or away from these types of offerings altogether, and our future success depends in part on our ability to anticipate and respond to these changes. Even if we are successful in anticipating needs and consumer preferences, our ability to address them will depend upon our ability to develop and introduce innovative, high-quality features. Development of new or enhanced features may **be materially** require significant time and **adversely affected** investment, which could result in increased costs and a reduction in our profit margins. Any decline or disruption in the travel industry or general economic downturn could materially adversely affect our business, results of operations and financial condition. We have derived substantially all of our historical revenue from Members who enroll in CLEAR Plus, which includes our RT Program service at U. S. airports, **and one of our growth strategies is to continue expanding in our domestic aviation network.** Accordingly, our performance is dependent on the strength of the travel industry. **Our and our** revenue is therefore susceptible to declines in or disruptions to leisure and business travel that may be caused by factors entirely out of our control, such as COVID-19. Additionally, platform usage beyond airports is driven by the operations of our partners, such as their ability to **open and** host events, provide hotel rooms, rent cars, and workplaces being open for workers. Other events or factors beyond our control can disrupt, **and have in the past disrupted,** travel and operations within the United States and globally or otherwise result in declines in travel demand and the demand to attend events. These events

include prolonged extreme weather, natural disasters or man-made disasters, travel-related health concerns (including pandemics and epidemics, such as COVID-19, Monkeypox, Ebola, Zika, Middle East Respiratory Syndrome, **bird flu** or other outbreak of contagious diseases), restrictions related to travel, stay-at-home orders, wars and military actions, terrorist attacks, sources of political uncertainty or political events, protests, foreign policy changes, regional hostilities, general economic conditions (such as a recession or inflation), changes in regulations, labor unrest or travel-related accidents. Because these events or concerns, and the full impact of their effects, are largely unpredictable, they can dramatically and suddenly affect travel behavior and other activities by consumers, and therefore demand for our airport and platform services, which could materially adversely affect our business, results of operations and financial condition. Additionally, as the Real ID Act will require passengers having compliant identification to travel by air in the United States by May 7, 2025, such regulation, if not extended, may decrease the number of travelers with compliant identification and, therefore, negatively impact the demand for our airport services, which could materially adversely affect our business, results of operations and financial condition. Our financial performance is also subject to global economic conditions and their impact on levels of discretionary consumer spending. Consumer preferences tend to shift to lower-cost alternatives during recessionary periods and other periods in which disposable income is adversely affected, which could lead to a decline in enrollments or renewals of CLEAR Plus, less interaction with our platform products related to **discretionary activities such as** travel (such as rental cars and hotel rooms) **and lower attendance at events**, and thus result in decreasing platform usage and lower revenue. Downturns in worldwide or regional economic conditions, such as the downturn resulting from the COVID-19 pandemic, inflation, and the potential for a recession, have in the past led to a general decrease in travel and travel spending, as well as discretionary spending generally, and similar downturns in the future may materially adversely impact demand for our platform and services. Such a shift in consumer behavior would materially adversely affect our business, results of operations and financial condition. We may require additional capital to support business growth and objectives, and this capital might not be available to us on reasonable terms, if at all, and may result in stockholder dilution. We expect that our existing cash and cash equivalents, ~~together with our net proceeds from our IPO,~~ will be sufficient to meet our anticipated cash needs for the foreseeable future. However, we intend to continue to make investments to support our business growth and may require additional capital to fund our business and to respond to competitive challenges, ~~including such as~~ the need to promote our platform, ~~products and services,~~ develop new platform features, ~~products and services offerings,~~ enhance our existing platform, **or make strategic acquisitions** ~~products, services and operating infrastructure, and potentially to acquire complementary businesses and technologies~~. Accordingly, we may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such additional funding will be available on terms attractive to us, or at all. Our inability to obtain additional funding when needed could have an adverse effect on our business, financial condition and operating results. If additional funds are raised through the issuance of equity or convertible debt securities, holders of our Class A Common Stock could suffer significant dilution, and any new shares we issue could have rights, preferences and privileges superior to those of our Class A Common Stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions, and could impose additional restrictions on our ability to make distributions or pay dividends to our stockholders, or make it less likely that our Board will declare such distributions or dividends. ~~Our ability to introduce new solutions and features is dependent on adequate research and development resources and may also depend on our ability to successfully complete acquisitions.~~ If we do not adequately fund our research and development efforts or complete acquisitions successfully, we may not be able to compete effectively and our business and results of operations may be harmed. ~~To remain competitive, we must continue to offer new solutions and enhancements to our platform. This is particularly true as we further expand and diversify our capabilities. Maintaining adequate research and development resources, such as the appropriate personnel and development technology, to meet Member, partner and market demands is essential. If we elect not to or are unable to develop solutions internally due to certain constraints, such as high employee turnover, lack of management ability or a lack of other research and development resources, we may choose to, or be required to, expand into a certain market or strategy via an acquisition for which we could potentially pay too much or fail to successfully integrate into our operations. Our failure to maintain adequate research and development resources or to compete effectively with the research and development programs of our competitors would give an advantage to such competitors and our business, results of operations and financial condition could be adversely affected. Moreover, there is no assurance that our research and development or acquisition efforts will successfully anticipate market needs and result in significant new marketable solutions or enhancements to our solutions, design improvements, cost savings, revenues or other expected benefits. If we are unable to generate an adequate return on such investments, we may not be able to compete effectively and our business and results of operations may be materially and adversely affected.~~ Future acquisitions, strategic investments, partnerships or alliances could be difficult to identify and integrate, divert the attention of key management personnel, disrupt our business, dilute stockholder value and harm our results of operations and financial condition. We may in the future seek to acquire or invest in businesses, products or technologies that we believe could complement or expand our current platform, enhance our technical capabilities or otherwise offer growth opportunities. For example, in September 2023, we acquired SORA ID, Inc., a networked identity company focused on the financial services industry that enabled us to add KYC services to our platform offerings. Any transactions that we are able to identify and complete may involve risks, including the commitment of significant capital, **and may divert** ~~the incurrence of indebtedness, the payment of advances, the diversion of~~ management's attention and resources from our existing business to develop and successfully integrate the acquired or combined business, ~~the inability.~~ **We may be unable** to successfully integrate such business or assets into our operations, **and the failure of** such business **may fail** to meet our expectations; ~~litigation or other claims in connection with acquisitions or against companies we invest in or acquire, our~~ **or lack of control** over certain companies, including joint ventures and other minority investments, the risk of not achieving **achieve** the intended

results ~~and the exposure to losses if the underlying transactions or ventures are not successful~~. This risk is enhanced considering we have limited experience in acquiring other businesses. **We have in the past acquired, and may in the future acquire, businesses that we have difficulty integrating or where we fail to achieve the anticipated benefits of the acquisition**. We may not be able to find and identify desirable acquisition targets or we may not be successful in entering into an agreement with any one target. Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could harm our results of operations. In addition, if an acquired business fails to meet our expectations, our business, results of operations and financial condition may suffer. Our business depends on retaining and attracting high- quality personnel, including certain key personnel, and continued attrition, future attrition or unsuccessful succession planning could adversely affect our business. Our success depends in large part on our ability to attract and retain high- quality management, operations, engineering and other personnel who are in high demand, as well as our Ambassadors. The loss of qualified executives, employees or Ambassadors, or an inability to attract, retain and motivate high- quality executives, employees and Ambassadors required for the planned expansion of our business, may harm our operating results and impair our ability to grow. In addition, we depend on the continued services and performance of our key personnel, including our Chairman and Chief Executive Officer, Ms. Seidman **Becker who co** -Becker, and our President and Chief Financial Officer, Mr. Cornick, who founded our Company and ~~have has~~ been instrumental in devising and implementing our strategies for growth and scaling our business. We do not have ~~an~~ employment ~~agreements~~ **agreement** with Ms. Seidman ~~–Becker, Mr. Cornick or~~ **and she and,** other key members of our senior management team, ~~are who remain~~ at- will employees. As these individuals are able to terminate their employment with us at any time, such termination could materially adversely affect our business, results of operations and financial condition, as well as our future prospects. Certain key members of our management team have a shorter employment history at our company and did not previously work within our industry. Recently hired executives may view our business differently than members of our prior management team and, over time, may make changes to our personnel and their responsibilities as well as our strategic focus, operations or business plans. We may not be able to properly manage any such shift in focus, and any changes to our business may ultimately prove unsuccessful. In addition, our failure to put in place adequate succession plans for senior and key management roles or the failure of key employees to successfully transition into new roles could have an adverse effect on our business and operating results. The unexpected or abrupt departure of one or more of our key personnel and the failure to effectively transfer knowledge and effect smooth key personnel transitions has had and may in the future have an adverse effect on our business resulting from the loss of such person’ s skills, knowledge of our business and years of industry experience. If we cannot effectively manage leadership transitions and management changes in the future, our reputation and future business prospects could be adversely affected. To attract and retain key personnel, we use equity incentives, among other measures. These measures may not be sufficient to attract and retain the personnel we require to operate our business effectively. As we continue to mature, the equity incentives we currently use to attract, retain and motivate employees may not be as effective as in the past. Our ability to attract, retain and motivate employees may be adversely affected by declines in our stock price. If we issue significant equity to attract employees or to retain our existing employees, we would incur substantial additional equity- based compensation expense and the ownership of our existing stockholders would be further diluted. Our platform is highly complex, and any errors, systems failures or our failure to successfully implement upgrades and new technology could materially adversely affect our business, results of operations and financial condition. Our platform is a complex system composed of many interoperating components and software. Our business is dependent upon our ability to accurately confirm identities and provide the ability to connect attributes ~~, such as boarding passes, tickets, health information or payment information,~~ to these identities, with minimal system interruption. Our software may now or in the future contain errors, bugs or vulnerabilities. Some errors in our software code have not been and may not be discovered until after the code has been released. We have, from time to time, found defects or errors in our system and software limitations that have resulted in, and may discover additional issues in the future that could result in, operational, enrollment or verification errors, platform unavailability or system disruption. In addition, we may fail to detect bugs in the software of businesses we acquire in our integration process. Any real or perceived errors, bugs or vulnerabilities discovered in our code or systems released to production or found in third- party software that is incorporated into our code could result in poor system performance, an interruption in the availability of our platform, systems or websites (including our ability to sell our memberships online), data loss or breach, errors in completing enrollments or verifications, negative publicity, damage to our reputation, loss of existing and potential Members or partners, and loss of revenue, any of which could materially adversely affect our business, results of operations and financial condition. Moreover, the ability of our Members to use our platform could be diminished by a number of factors, including unstable or failed Internet access, the failure of our network or software systems, ineffective interoperability between our platform and our partners’ technology, security incidents or variability in Member traffic for our platform. Platform failures would be most impactful if they occurred during peak platform use periods. During these peak periods, there are a significant number of Members concurrently accessing our platform and if we are unable to provide uninterrupted access, our Members’ or partners’ perception of our platform’ s reliability may be damaged, our revenue could be reduced, our reputation could be harmed, which may negatively impact our growth, and we may be required to issue credits or refunds, or risk losing Members or partners. In the event we experience significant disruptions, we may be unable to repair our systems in an efficient and timely manner which could have a material adverse effect on our business, financial condition and operating results. In addition, as we grow, we continue to implement modifications and upgrades to our systems, and these activities subject us to inherent costs and risks associated with replacing and upgrading these systems. Further, our system implementations may not result in improvements at a level that outweighs the costs of implementation, or at all. If we fail to successfully implement modifications and upgrades or expand the functionality of our platform, we could experience increased costs associated with diminished productivity and operating inefficiencies related to the efficient delivery of our products and services. Our marketing efforts to help grow our business may not be effective. Promoting awareness of our

platform is important to our ability to grow our business and to attract new Members and partners, and can be costly. While much of our growth is attributable to word of mouth and Member referrals, **our we may pursue additional paid** marketing efforts ~~may include free or discount trials, affiliate programs, partnerships, display advertising, television, billboards, radio, video, content, social media, email, search engine optimization and keyword search campaigns~~. If **our those** marketing efforts are not successful in promoting awareness of our offerings or attracting new Members and partners, or if we are not able to cost-effectively manage our marketing expenses, our results of operations could be adversely affected. ~~If our marketing efforts are successful in increasing awareness of our offerings, this could also lead to increased public scrutiny of our business~~. Any of the foregoing risks could harm our business, financial condition and results of operations. Our business could be adversely impacted by changes in the Internet browsers and mobile device accessibility of Members. Our business depends on Members' access to our platform via a mobile device, an Internet browser and the Internet generally. We may operate in jurisdictions that provide limited Internet connectivity, particularly as we expand internationally. Internet access, internet browsers and access to a mobile device are frequently provided by companies with significant market power that could take actions that degrade, disrupt or increase the cost of Members' ability to access our platform. In addition, the Internet infrastructure that we and Members of our platform rely on in any particular location may be unable to support the demands placed upon it. Any such failure in Internet, browser or mobile device accessibility, even for a short period of time, could adversely affect our results of operations. In particular, a significant and growing portion of our Members access our platform through the CLEAR mobile application (the "app") and through our secure identity platform, **CLEAR-CLEAR1 Verified**. There is no guarantee that popular mobile devices and browsers will continue to support such platform, app or service, or that our Members will use our platform or app rather than competing products. We are dependent on the interoperability of our app with popular mobile operating systems that we do not control, such as Android and iOS, and **CLEAR-CLEAR1 Verified** with popular internet browsers. Any changes in such systems that degrade the functionality of our digital offerings or give preferential treatment to competitors could adversely affect our platform's usage. In the event that it is difficult for our Members to access and use our platform, our competitors develop products and services that are perceived to operate more effectively, or if our Members choose not to access or use our platform or use mobile products that do not offer access to our platform, our Member growth and Member engagement could be adversely impacted. If we cannot maintain our corporate culture as we grow, our business may be harmed. We believe that our corporate culture has been a critical component to our success and that our culture creates an environment that drives and perpetuates our overall business strategy. We have invested substantial time and resources in building our team and we expect to continue to hire aggressively as we expand, including with respect to any potential international expansions we may pursue. As we grow and mature as a public company and grow internationally, we may find it difficult to maintain our corporate culture. Any failure to preserve our culture could negatively affect our future success, including our ability to recruit and retain personnel and effectively focus on and pursue our business strategy. We are subject to payment processing risk. Our Members pay for our products and services using a variety of different payment methods, including credit and debit cards, and online wallets. We rely on third party systems to process payments. Acceptance and processing of these payment methods are subject to certain rules and regulations and require payment of interchange and other fees. To the extent there are disruptions in our payment processing systems, increases in payment processing fees, material changes in the payment ecosystem, such as large re-issuances of payment cards, delays in receiving payments from payment processors, or changes to rules or regulations concerning payment processing, our revenue, operating expenses and results of operation could be adversely impacted. We leverage our third-party payment processors to bill Members on our behalf. If these third parties become unwilling or unable to continue processing payments on our behalf, we would have to find alternative methods of collecting payments, which could adversely impact Member acquisition and retention. In addition, from time to time, we encounter fraudulent use of payment methods, which could impact our results of operation and if not adequately controlled and managed could create negative consumer perceptions of our service. Our business may be vulnerable to the adverse effects of climate change, which may negatively impact our operations. Our primary locations may be vulnerable to the adverse effects of climate change. Extreme weather conditions may disrupt our business and may cause us to experience additional costs to maintain or resume operations and higher attrition. In addition, current and emerging legal and regulatory requirements with respect to climate change and other aspects of environmental, social, governance and other sustainability ("**ESG**") (e. g., disclosure requirements) may result in increased compliance requirements on our business, which may increase our operating costs and cause disruptions in our operations. We are dependent on CLEAR Plus memberships for a significant portion of our revenue, and a significant reduction in CLEAR Plus memberships would reduce our future revenue and harm our anticipated operating results. Given our dependence on CLEAR Plus for a significant portion of our revenues, a decrease in demand for goods or services that produce significant greenhouse gas emissions or are related to carbon-based energy **source-sources**, such as air travel, could have a material negative impact on our revenues. We have limited experience operating outside the United States and any future international expansion strategy will subject us to additional costs and risks and our plans may not be successful. We have, and in the future we may continue to, expand our operations internationally. For example, in December 2021, we acquired Whyline, Inc., our virtual queuing technology used for **RESERVE Powered by CLEAR Mobile**, which had partnerships across international markets **including Argentina, Spain and Canada, and which we have expanded further into Europe, including Germany, Italy, the Netherlands and the United Kingdom**. In addition, in 2023 our LinkedIn partnership was extended to Members in Mexico and Canada. **Further, in 2024, CLEAR Mobile was expanded to Members in Costa Rica**. Operating outside of the United States requires significant management attention to oversee operations over a broad geographic area with varying cultural norms and customs; ~~in addition to requiring support from our engineering, operations, security, finance, analytics and legal teams~~. As we continue to expand globally, we may incur significant additional operating expenses and may not be successful in our international expansion for a variety of reasons, including: • compliance with privacy and data protection laws, including laws regulating the use and collection of biometric information and health information (see "Risks Related to Regulation and Litigation — Any

actual or perceived failure to comply with applicable laws relating to privacy, **biometrics, artificial intelligence, health information** and data protection may result in significant liability, negative publicity and erosion of trust **and commercial opportunities**, and increased regulation could materially adversely affect our business, results of operations and financial condition” and “ Business — Government Regulation ”); • differing international norms and expectations, including but not limited to those related to the use of personal information; • challenges in confirming identities for non- U. S. residents; • expanded information security risk with expanded potential threat actors; • recruiting and retaining talented and capable employees in foreign countries and maintaining our company culture across all of our offices; • complying with varying laws and regulatory standards, including with respect to tax and local regulatory restrictions; • obtaining any required government approvals, licenses or other authorizations, particularly as may be necessary for the use and collection of personal information; • varying levels of Internet and mobile technology adoption and infrastructure; • currency exchange restrictions or costs and exchange rate fluctuations; • operating in jurisdictions that do not protect intellectual property rights to the same extent as the United States; • potential oppositions in foreign patent and trademark offices; and • limitations on the repatriation and investment of funds as well as foreign currency exchange restrictions. Our limited experience in operating our business internationally increases the risk that any potential future expansion efforts that we may undertake may not be successful. If we invest substantial time and resources to expand our operations internationally and are unable to manage these risks effectively, our business, financial condition and results of operations could be adversely affected. Our metrics and estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may harm our reputation and negatively affect our business. We regularly review and may adjust our processes for calculating our metrics used to evaluate our growth, measure our performance and make strategic decisions. These metrics are calculated using internal company data and have not been evaluated by a third party. Our metrics, such as market share **or total addressable market**, may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or the assumptions on which we rely. Even if the markets in which we compete meet the size estimates and growth that we expect, our business could fail to grow at similar rates, if at all. **Additionally, we routinely evaluate the utility to our investors and management of our metrics and have changed, and may in the future change, the metrics we use or the ways in which such metrics are calculated.** If investors or analysts do not consider our metrics to be accurate representations of our business, or if we discover material inaccuracies in our metrics, then the trading price of our Class A Common Stock and our business, financial condition and results of operations could be adversely affected. Risks Related to Information Technology and Intellectual Property There may be breaches of our information technology systems that subject us to significant reputational, financial, legal and operational consequences or materially damage Member and partner relationships. Our business requires us to use, store, process and transmit data, including a large amount of sensitive and confidential personal information, including personally identifiable information (“ PII ”) ~~of Members, employees and partners~~. This may include, for example: biographic information, such as names, addresses, phone numbers, email addresses; biometric information; government- issued identification; health information; and payment information. Although malicious attacks to gain access to personal information or PII affect many companies across various industries, we are at a relatively greater risk of being targeted because of our high profile and the types of personal information we manage. Our business depends on earning and maintaining the trust of our Members and our partners and any actual or alleged breaches of our systems could adversely affect our business, including by impacting the trust that we have gained. See “ Risks Related to Our Business, Brand and Operations — If we are not able to meet evolving stakeholder expectations or to maintain the value and reputation of our brand, our business and financial results may be harmed. ” We devote significant resources to network security, data encryption and other security measures to protect our systems and data, and have been certified by the federal government as operating certain of our information security systems at a FISMA High Rating in accordance with the Federal Information Security Modernization Act and National Institute of Standards and Technology, but these security measures cannot provide, and we cannot guarantee, absolute security. We require user names and passwords, as well as multifactor authentication, in order to access our information technology systems. We also use encryption and authentication technologies designed to secure the transmission and storage of data and prevent access to our data or accounts. Increasingly, companies are subject to a wide variety of attacks on their systems on an ongoing basis that are continually evolving. In addition to threats from traditional computer “ hackers, ” malicious code (such as malware, viruses, worms, and ransomware), employee theft, error or misuse, password spraying, phishing, social engineering (predominantly spear phishing attacks), credential stuffing, and denial- of- service attacks, we also face an increasing number of threats (including advanced persistent threat intrusions) to our information technology systems from a broad range of actors, including sophisticated organized crime, nation- state and nation- state supported actors **(independently or in connection with broader international conflicts)**, and we cannot assure you that our systems will not be compromised or disrupted by these tactics. Our solutions integrate and rely in part on products, services and technologies developed and supplied by third- party vendors and service providers. Although we make efforts to review our third- party vendors and service providers and the products, services and technologies on which our solutions rely, vulnerabilities in our vendors’ and service providers’ products, services and technologies may make our own solutions and information technology systems vulnerable to breach, attack and other risks. **See “ We rely on Third parties may attempt to fraudulently induce employees, users or partners into disclosing sensitive information such as user names, passwords, or other information or otherwise compromise the security of our or our third- party technology and information vendors’ or service providers’ internal electronic systems, networks, and / to help complete critical business functions. If that technology fails to adequately serve or our needs physical facilities in order to gain access to our data, which could result in significant legal and we cannot find alternatives, it may negatively impact our business, financial condition and results exposure, a loss of confidence in our security, interruptions or malfunctions in our operations ” below,** and, ultimately, harm to our future business prospects and revenue. Breaches and attacks on us or our third- party vendors or service providers may cause interruptions to the services we provide, degrade the Member experience, cause

Members or partners to lose confidence and trust in our platform and decrease or discontinue their use of our platform, impair our internal systems, or otherwise result in financial harm to us. As we grow within the United States, and expand our international presence, our heightened visibility has increased, and will continue to increase, the risk that we become a target of such attacks. Any failure to prevent or mitigate security breaches and unauthorized access to or disclosure of our data or personal information, could result in the loss, modification, disclosure, destruction or other misuse of such data, which could subject us to legal liability, harm our business and reputation and diminish our competitive position, or lead to decreases in the price of our Class A Common Stock. We may incur significant costs in protecting against or remediating such incidents and as cybersecurity incidents continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measure or to investigate and remediate any information security vulnerabilities. Our efforts to protect our confidential and sensitive data and the personal information we receive may also be unsuccessful due to software bugs, **defects, misconfigurations** or other technical malfunctions; employee, contractor, or service provider error or malfeasance, including defects, **misconfigurations** or vulnerabilities in our suppliers' or service providers' information technology systems or offerings, including products and offerings that we integrate into our products and services; breaches of physical security of our facilities or technical infrastructure; or other threats that may surface or evolve. If we were to experience a breach of our systems and were unable to protect sensitive data, we may not be able to remedy such breach, we may be required by law to notify regulators and individuals whose personal information was used or disclosed without authorization and compensate them for any damages, we may be subject to claims against us, including government enforcement actions or investigations, fines and litigation, and we may have to expend significant capital and other resources to mitigate the impact of such events, including developing and implementing protections to prevent future events of this nature ~~from occurring~~. Additionally, such a breach could curtail or otherwise adversely impact access to our services, materially damage partner and Member relationships, and cause us to lose Members or partners. Moreover, if a security breach affects our systems or results in the unauthorized release of personal information, our reputation and brand could be materially damaged, use of our platform and services could decrease, and we could be exposed to a risk of loss or litigation and possible liability. We are also subject to payment card association rules and obligations under our contracts with payment card processors. Under these rules and obligations, if information is compromised, we could be liable to payment card issuers for associated expenses and penalties. In addition, if we fail to follow payment card industry security standards, even if no customer information is compromised, we could incur significant fines or remediation costs, experience a significant increase in payment card transaction costs or be refused by credit card processors to continue to process payments on our behalf, any of which could materially adversely affect our business, financial condition and results of operations. Additionally, we accept payment from our CLEAR Plus Members through credit card transactions, certain online payment service providers and mobile payment platforms. The ability to access credit card information on a real-time basis without having to proactively reach out to the Members each time we process an auto-renewal payment is critical to our success and a seamless experience for our users. However, if we or a third party experiences a data security breach involving credit card information, affected cardholders will often cancel their credit cards. In the case of a breach experienced by a third party, the more sizable the third party's customer base and the greater the number of credit card accounts impacted, the more likely it is that our users would be impacted by such a breach. To the extent our CLEAR Plus Members are ~~ever~~ affected by such a breach experienced by us or a third party, affected Members would need to be contacted to obtain new credit card information and process any pending transactions. It is likely that we would not be able to reach all affected Members, and even if we could, some Members' new credit card information may not be obtained and some pending transactions may not be processed, which could materially adversely affect our business, financial condition and results of operations. We rely on third-party technology and information systems to help complete critical business functions. If that technology **is subject to a security breach or** fails to adequately serve our needs, and we cannot find alternatives, it may negatively impact our business, financial condition and results of operations. We rely on third-party technology **and vendors and other service providers** for certain of our critical business functions, including credit card readers, scanners, third-party software, cameras and other technology to complete Member enrollments and verifications, as well as prevent fraud, network infrastructure for hosting our website and mobile application, software libraries, development environments and tools, services to allow Members to populate their accounts with personal information, and cloud storage platforms. Our business is dependent on the integrity, security and efficient operation of these systems and technologies, and we do not necessarily control the operation or data security of the third-party providers we utilize. Our efforts to use commercially reasonable diligence in the selection and retention of such third-party providers may be insufficient or inadequate to prevent or remediate such risks. Our systems and operations or those of our third-party providers and partners could be exposed to damage, interruption, security breach and other risks from, among other things, computer viruses and other malicious software, denial-of-service attacks and other cyberattacks, acts of terrorism, human error, **coding errors or vulnerabilities**, fraud, sabotage, natural disasters, telecommunications failures, financial insolvency, bankruptcy and similar events, and may be subject to financial, legal or regulatory issues, each of which may impose additional costs or requirements on us, expose us to potential liability or require us to expend significant resources on data security and in responding to any such actual or perceived breach, or prevent these third parties from providing services to us or our Members on our behalf. The failure of these systems to perform as designed, the vulnerability of these systems to security breaches and fraud or the inability to enhance our information technology capabilities, and our inability to find suitable alternatives in a timely and efficient manner and on acceptable terms, or at all, could disrupt our operations and subject us to losses or costs to remediate any of these deficiencies. **Additionally, software errors or vulnerabilities in third-party technologies we use could result in significant disruptions to our information technology systems, leading to downtime, data loss, or compromised data integrity. There have been high-profile incidents of third-party service providers causing widespread disruptions to their customers' operations, such as the Windows outage caused by a flawed CrowdStrike software update that occurred in July 2024. We cannot guarantee the infrastructure of our third-party**

**service providers has not been, or will not be, compromised or that errors by our third-party service providers will not cause similar disruptions or outages to our operations**. In addition, we cannot be assured that third parties will comply with their agreements with us and applicable laws and regulations or that third parties will not increase their prices or give preferential treatment to our competitors. Any contractual protections we may have from our third-party service providers, contractors or consultants may not be sufficient to adequately protect us from any such liabilities and losses, and we may be unable to enforce any such contractual protections. Additionally, the occurrence or perception of any of the above events could result in Members ceasing to use our platform, reputational damage, legal or regulatory proceedings or other adverse consequences, which could materially adversely affect our business, results of operations and financial condition. Failure to adequately protect our intellectual property, technology and confidential information could harm our business, competitive position, financial condition and results of operations. The protection of intellectual property, technology and confidential information is crucial to the success of our business. We rely on a combination of patents, copyrights, trademarks, service marks, trade secret laws, know-how, confidentiality provisions, non-disclosure agreements, assignment agreements, and other legal and contractual rights and restrictions to establish and protect our proprietary technology and intellectual property rights. However, the steps we take to protect our proprietary technology and intellectual property rights may be inadequate. We may not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. It may be possible for unauthorized third parties to copy our products and technology and use information that we regard as proprietary to create products and services that compete with ours. The laws of some countries do not protect proprietary rights to the same extent as the laws of the United States, and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate. As we expand internationally, our exposure to unauthorized use of our products, technology and proprietary information may increase. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our technology and intellectual property. We rely in part on patent protection to maintain our competitive position. Although our patents and patent applications are intended to protect our proprietary inventions relevant to our business, we cannot assure you that any of our patent applications will result in the issuance of a patent or whether the examination process will require us to narrow our claims. Further, even our issued patents may be contested, circumvented or found invalid or unenforceable, and we may not be able to prevent infringement of our patents by third parties. We also rely in part on trade secrets, proprietary know-how and other confidential information to maintain our competitive position. Although we enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with our partners and certain third parties, no assurance can be given that these agreements will be effective in controlling access to and distribution of our products, technology and proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products and services. We rely in part on trademark protection to protect our brand. Our registered and unregistered trademarks and trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition in the market. Competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity. Third parties with similar trade names and trademarks may bring trademark infringement claims against us. To protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation or other legal proceedings may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Such litigation or proceedings could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay ~~our~~ **further expansion or impair the functionality** of our platform, ~~impair the functionality of our platform, delay introductions of new platform functionality~~, or injure our reputation. In addition, we may be required to license additional technology from third parties to develop and market new functionality, and we cannot assure you that we could license that technology on commercially reasonable terms or at all, and our inability to license this technology could harm our ability to compete. We have granted lenders security interests in certain of our intellectual property rights which could subject such rights to sale or other actions in the event of a default. If we are unable to effectively protect our intellectual property rights on a worldwide basis, we may not be successful in the international expansion of our business that we may pursue. Access to worldwide markets depends in part on the strength of our intellectual property portfolio. There can be no assurance that, as our business expands into new areas, we will be able to independently develop the technology, software or know-how necessary to conduct our business or that we can do so without infringing the intellectual property rights of others. We have to rely on licensed technology from others, and accordingly, there can be no assurance that we will be able to obtain licenses at all or on terms we consider reasonable. The lack of a necessary license could expose us to claims for damages and / or injunction from third parties, as well as claims for indemnification by our customers in instances where we have a contractual or other legal obligation to indemnify them against damages resulting from infringement claims. With regard to our own intellectual property, there can be no assurance that our efforts to enforce and protect our rights will be adequate to prevent the misappropriation or improper use of our protected technology particularly in international markets, **which may increase as a result of any potential international expansions we may pursue**. If our future products incorporate technologies that infringe the proprietary rights of third parties, and we do not secure licenses from them, we could be liable for substantial damages. We continue to allocate significant resources to developing new and innovative technologies that are utilized in our products and systems. Because our continued success depends on, to a significant degree, our ability to offer products providing superior functionality and performance over those offered by our competitors, we consider the protection of our technology from unauthorized use to be fundamental to our

success. We do this by incorporating processes aimed at identifying and seeking appropriate protection for newly- developed intellectual property, including patents, trade secrets, copyrights and trademarks, as well as policies aimed at identifying unauthorized use of such property. We are not aware that our current products infringe the intellectual property rights of any third parties. We also are not aware of any third party intellectual property rights that may hamper our ability to provide future products and services. However, we recognize that the development of our services or products may require that we acquire intellectual property licenses from third parties so as to avoid infringement of those parties' intellectual property rights. These licenses may not be available at all or may only be available on terms that are not commercially reasonable. If third parties make infringement claims against us whether or not they are upheld, such claims could consume substantial time and financial resources, divert the attention of management ~~from growing our business and managing operations~~ and disrupt product sales and shipments. If any third party prevails in an action against us for infringement of its proprietary rights, we could be required to pay damages and either enter into costly licensing arrangements or redesign our products so as to exclude any infringing use. As a result, we would incur substantial costs, experience delays in product development, sales and shipments, and our revenues may decline substantially. Additionally, we may not be able to achieve the minimum necessary growth for our continued success. See " Risks Related to Regulation and Litigation — We may be sued by third parties for alleged infringement, misappropriation, or other violations of intellectual property and other proprietary rights. " We must continue to meet the evolving standards set for our airport operations by governmental stakeholders. We relaunched in 2010 at two U. S. airports as the only private company authorized by the DHS to automate the process for confirming traveler identity and validating travel documents for enrolled CLEAR **Plus** Members, and we continue to provide airport services to our Members through the RT Program. As we have grown, our interactions with the federal government have expanded as well. For example, in January 2020, we were selected by the TSA as an awardee in the TSA Biometric PreCheck ® Expansion Services and Vetting Program to handle subscription renewal processing and new enrollments for the TSA PreCheck ® program and have entered into an up to 10- year agreement to provide such services to the traveling public. In February 2024, we launched TSA PreCheck ® Enrollment Provided by CLEAR to the public ~~at Newark Liberty International Airport~~, and are currently providing **in- person enrollment at airport and retail locations, as well as** online renewal services, ~~and expect to scale our offering to additional locations in our network of airports on a rolling basis, subject to TSA approval~~. These operations remain subject to ongoing approval by the TSA, and there can be no assurances that we will continue to be able to meet all of TSA' s requirements. Additionally, we have entered into numerous Cooperative Research and Development Agreements with the DHS, and the DHS has certified the biometric enrollment and verification system we use in certain locations as Qualified Anti- Terrorism Technology under the SAFETY Act. We operate through the RT Program according to guidelines set forth by the federal government, which have historically been implemented through our airport and / or airline partners. As we have grown, our regulatory frameworks have evolved as well. For example we are subject to various audits, reviews and evaluations overseen by the TSA, a sub- agency of the DHS, which include: annual operational audits at each airport where we operate our RT Program requiring us to demonstrate compliance with airport checkpoint security protocols; audits of certain of our information systems against a stringent FISMA High Rating designation for information security and an additional " Registered Traveler Security Overlay " framework; ongoing periodic reviews of our operational procedures and technology, such as the biometric matching technology and credential authentication systems that help power our system; ongoing special emphasis inspections of our compliance with operational and procedural obligations for RT Program providers; an evaluation by the Science and Technology Directorate of the DHS of our biometric enrollment and verification system for renewal of our SAFETY Act certification as a Qualified Anti- Terrorism Technology; and ongoing reporting requirements related to enrollments and verifications. In **addition the past year**, TSA has provided us with ~~additional~~ technical and regulatory requirements, including technical integration specifications between TSA systems and CLEAR systems to enable transmittal of digital identity information to facilitate processing of each RT participant by TSA CAT; varying rates in the percentage of RT participants whose identities are randomly reverified at airport checkpoints, potentially up to all RT participants; enhanced enrollment standards for existing and new RT participants in line with new industry standards; and formalized audit requirements. We have no control over requirements proposed or implemented by federal agencies on us or our airport and airline partners regarding our business. New or changing requirements implemented by federal agencies, such as those set forth above, could have an adverse impact on our business and results of operations. The future success of programs we operate with support or authorization from governmental stakeholders depends on our continued ability to satisfy the regulatory standards they promulgate such as those set forth above and maintain their support generally, including continuing to adhere to RT Program requirements, airport security protocols and maintaining an appropriate data security platform. Failure to meet the standards set forth by governmental stakeholders, changes in the rules, requirements or operational procedures applicable to our business or the RT Program generally, and evolving frameworks could negatively impact the level of service experienced by our customers and our ability to continue adding new services in regulated locations, add new locations for our existing services, or even continue to operate the same services we operate now. Further, as regulatory frameworks evolve, they may increase our operating expenses, make compliance more difficult or impact our operating protocols, impact our Members' experience, require us to add new staffing, and divert management' s attention from other growth initiatives. Failure to meet any such new standards in the future, or changes we would need to make to our operations to satisfy any new standards, may have a material adverse impact on our business, results of operations and financial condition. We may be sued by third parties for alleged infringement, misappropriation or other violations of intellectual property and other proprietary rights. There is considerable patent and other intellectual property development activity in the biometrics, identity and technology industries generally, and litigation, based on allegations of infringement or other violations of intellectual property, is frequent. Furthermore, it is common for individuals and groups to purchase patents and other intellectual property assets for the purpose of making claims of infringement to extract settlements from companies like ours. We cannot guarantee that our internally developed or acquired technologies or third party

tools that we use do not or will not infringe the intellectual property rights of others. From time to time, our competitors or other third parties, including non-practicing entities, may claim that we are infringing upon or misappropriating their intellectual property rights, and we may be found to be infringing upon such rights. In addition, in the event that we recruit employees from other technology companies, including certain potential competitors, and these employees are used in the development of portions of products which are similar to the development in which they were involved at their former employers, we may become subject to claims that such employees have improperly used or disclosed trade secrets or other proprietary information. Any claim, litigation or allegation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages, ongoing royalty payments or licensing fees, prevent us from offering our platform or services or using certain technologies, require us to develop alternative technology or obtain additional licenses, force us to implement expensive workarounds, or be subject to other unfavorable terms. We expect that the occurrence of infringement claims and allegations is likely to grow as the market for biometric solutions and identity products and services grows. Accordingly, our exposure to damages resulting from infringement claims could increase ~~and this could further exhaust our financial and management resources~~. Even alleged infringement claims that lack merit may be distracting and expensive to defend and could contribute to reduced public confidence in our platform, and even if meritorious but ultimately unsuccessful, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and require us to incur significant expenditures. Further, during the course of any litigation, we may make announcements regarding the results of hearings and motions, and other interim developments. If securities analysts and investors regard these announcements as negative, the market price of our Class A Common Stock may decline. Any of the foregoing could prevent us from competing effectively and could have an adverse effect on our business, results of operations and financial condition. Any actual or perceived failure to comply with applicable laws relating to privacy, **biometrics, artificial intelligence, health information and data protection** may result in significant liability, negative publicity and erosion of trust **and commercial opportunities**, and increased regulation could materially adversely affect our business, results of operations and financial condition. As part of our normal operations, we collect, process and retain personal information about individuals, **including sensitive personal information such as biometrics data**. We are subject to various federal and state laws and rules regarding the collection, use, disclosure, storage, transmission, and destruction of this personal information, **and as we move into new markets, we will be subject to international laws applicable to our data practices as well**. We collect and use personal information, **including sensitive personal information**, when our Members enroll in our platform and use our platform after they have completed their enrollment. The laws of many states and countries require businesses that maintain such personal data to **obtain consent before collecting or processing certain types of data, to** implement measures to keep such information secure and otherwise restrict the ways in which such information can be collected and used. **As examples**, Numerous ~~numerous~~ states and municipalities have enacted or are in the process of enacting state level data privacy laws and regulations governing the collection, use and processing of state residents' personal data. For example, CCPA took effect on January 1, 2020 **and was amended by the Consumer Privacy Rights Act, which went into effect in 2023**. CCPA provides enhanced data privacy rights to California consumers, including the right to access and delete their information and to opt out of certain sharing and sales of personal information. The law also prohibits covered businesses from discriminating against consumers (for example, charging more for services) for exercising any of their CCPA rights. **These rights are enforced by the California Attorney General and California Privacy Protection Agency. In addition**, CCPA imposes severe statutory damages as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action is expected to increase the likelihood of, and risks associated with, data breach litigation. It remains unclear how various provisions of CCPA will be interpreted and enforced. **Additionally, both CPRA Numerous states have passed laws that provide similar privacy and security protections to their residents, including** Virginia Consumer Data Protection Act ("VCDPA") took effect on January 1, **Colorado, Texas, and Oregon, and 2023**. CPRA further expands CCPA with additional data privacy compliance requirements that may **many other states are actively developing legislation in this area** impact our business, and establishes a regulatory agency dedicated to enforcing those requirements. The VCDPA similarly provides Virginia consumers with certain rights regarding personal information, and imposes obligations on business that process personal information to comply with those rights and creates penalties for businesses that fail to comply with those obligations. In addition, in July 2021, Colorado passed the Colorado Privacy Act, which provides similar privacy rights for Colorado consumer consumers. CPRA, CCPA, VCDPA and other similar state laws may encourage other states and the federal government to pass comparable legislation, introducing the possibility of greater penalties and more rigorous compliance requirements relevant to our business. States such as Illinois, Texas, **Colorado** and Washington, have laws that specifically regulate the collection and use of biometric information, and numerous states and municipalities are considering similar legislation. Illinois' BIPA includes both a private right of action and liquidated damages for companies that violate its provisions, **and many states are modeling new the Texas Attorney General has announced settlements with private parties under its biometric privacy laws after Illinois' BIPA with penalties in excess of \$ 1 billion**. Regardless of any company's efforts to comply with the requirements of BIPA, **this the private right of action available under laws like BIPA have created strong incentives for plaintiffs counsel to push the interpretation of BIPA in new areas and has increases-increased** the general likelihood of, and costs and risks associated with, biometrics litigation. Recent BIPA ~~case law~~ **case law** has increased liability exposure and the scope of damages that may be collected for alleged violations. Other states, such as New York, are considering comparable laws covering biometric information. The effects of **BIPA state privacy, CPRA, CCPA, VCDPA data protection and biometrics laws** and other similar state or federal laws, are significant and may require us to modify our **products**, data processing practices and policies and to incur substantial costs and potential liability **in an effort as we attempt to comply with implement new requirements or guidance under** such laws legislation. Furthermore, **which are often not well defined** municipalities have started regulating biometrics at a more local level, **or** such as the New York City Biometric Identifier Information Law and the City of Portland's

restriction on certain uses of facial recognition technology. These restrictions may reduce the capabilities of companies that utilize biometrics to expand their platforms in **defend assertions of liability under these locations laws, given the significant penalties available**. See “Business—Government Regulation.” Various other governments and consumer agencies around the world have also called for new regulation and changes in industry practices and many have enacted and may in the future enact different and potentially contradictory requirements for protecting personal information, **including biometric information, as well as data that is** collected and maintained electronically. These regulations have become particularly relevant to us as we expand our operations beyond the United States. For example, GDPR, which became effective on May 25, 2018, includes operational requirements for companies that are established in the EEA or process personal data of individuals located in the EEA. These requirements govern the processing of personal data **in certain contexts** and include significant penalties for non-compliance. Failure to comply with GDPR may result in fines of up to 20 million euro or up to 4 % of the annual global revenue of the infringer, whichever is greater **a company processing information about EEA data subjects**. It may also lead to **regulatory inquiries initiated by data subjects as well as** civil litigation, with the risks of damages or injunctive relief, or regulatory orders adversely impacting on the ways in which our business can use personal data. Additionally, the United Kingdom has transposed GDPR into domestic law with a United Kingdom version of GDPR (combining GDPR and the Data Protection Act of 2018) that took effect in January 2021, which exposes us to two parallel regimes, each of which authorizes similar fines and other potentially divergent enforcement actions for certain violations. **Other jurisdictions where we may operate in the future like Canada, Brazil and India have implemented comprehensive data protection regulations that also may diverge from or overlap with these laws.** Compliance with numerous and contradictory requirements of different jurisdictions is **particularly difficult inherently challenging** and costly for **a any business such as ours** that collects **and processes** personal information **as well as biometrics** from **Members individuals based in different jurisdictions, particularly since the interpretation and application of these laws is unresolved**. If any jurisdiction in which we currently, or in the future may, operate, **or where one of the partners we service operates,** adopts new laws or changes its interpretation of its laws, rules or regulations relating to data use and processing such that **our compliance obligations are unclear, or** we are unable to comply in a timely manner or at all, we could risk losing our rights to operate in such jurisdictions **or losing**. ~~In addition to government regulation, self-regulatory standards and other~~ **the ability** industry standards may legally or contractually apply to **partner** us, be argued to apply to us, or we may elect to comply with **companies who do business in** such **jurisdictions** standards or to facilitate our customers’ compliance with such standards. We may make statements on our website, ~~in marketing materials, or in other.....,~~ which can adversely affect our business as well as **face significant and uncertain risks of regulatory investigations, penalties our- or ability liability to attract in these jurisdictions. Various state and international governments recently have passed or issued or are in the process of considering laws, regulations or directive governing the use of artificial intelligence or automated decisionmaking technology for retain- certain use cases, which may be interpreted to apply to CLEAR when we or our commercial partners utilize our technology to support particular use cases. For example, in November 2024, the California Privacy Protection Agency issued draft regulations under CCPA governing the use of automated decisionmaking technology that would apply to the use of “ physical or biological identification or profiling ” in certain contexts, and the EU has implemented the AI Act which prohibits certain types of high risk biometric systems from being deployed. The scope and interpretation of this emerging area of regulation and legislation, and the application to CLEAR’s business or business roadmap is unclear, but these laws could be interpreted or applied in ways that would impose new Members costly and their utilization of burdensome requirements on CLEAR our- or platform its commercial partners and could increase the risk of regulatory actions directed to CLEAR or otherwise adversely impact our business.** HIPAA imposes specified requirements relating to the privacy, security and transmission of sensitive patient health information (“ PHI ”). Among other things, HITECH makes HIPAA’s security standards directly applicable to “ business associates. ” As our business evolves, we expect to increasingly enter into agreements in which we are a “ business associate ” for partners in the healthcare industry that are HIPAA covered entities and service providers, and therefore we are and will increasingly be regulated under these agreements as a business associate for the purposes of HIPAA. If we are unable to comply with our obligations as a HIPAA business associate, we could face substantial civil and even criminal liability. HITECH imposes four tiers of civil monetary penalties and gives state attorneys general authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys’ fees and costs associated with pursuing federal civil actions. In addition, many state laws govern the privacy and security of health information in certain circumstances, many of which differ from HIPAA and each other in significant ways and may not have the same effect. When we process PHI on behalf of a covered entity, we are required by HIPAA to maintain HIPAA-compliant business associate agreements with our partners that are HIPAA covered entities and service providers, as well as certain of our subcontractors, that access, maintain, create or transmit sensitive patient health information on our behalf for the rendering of services to our HIPAA covered entity and service provider Members. These agreements impose stringent data security and other obligations on us. If we or our subcontractors are unable to meet the requirements of any of these business associate agreements, we could face contractual liability under the applicable business associate agreement as well as possible civil and criminal liability under HIPAA, all of which can have an adverse impact on our business and generate negative publicity, which, in turn, can have an adverse impact on our ability to attract and retain Members **and to maintain existing or enter into new health care partnerships. In addition to government regulation, self-regulatory standards and other industry standards may legally or contractually apply to us, be argued to apply to us, or we may elect to comply with such standards or to facilitate our customers’ compliance with such standards**. We ~~may make statements on our website~~ also collect and use health information from individuals in relationships in which we are not a HIPAA “ business associate, ” ~~but in marketing materials, for- or which we strive in other settings about our data practices and security measures and our compliance with, or our ability~~ to implement **facilitate our**

customers' compliance with, these standards. Furthermore, because the interpretation and application of laws, standards, contractual obligations and other obligations relating to privacy, data protection, and information security are uncertain, these laws, standards similar to, and contractual and the other standards, and contractual and other obligations may be interpreted and applied in a manner that is, or is alleged to be, inconsistent with our data management practices, our policies or procedures, or the features of our platforms or the manner in which our partners use CLEAR services. If so, in addition to the possibility of fines, lawsuits, and other claims, we could be required to fundamentally change our business activities and practices or modify our platforms, which could have an adverse effect on our business. We may be unable to make such changes and modifications in a commercially reasonable manner or at all, and our ability to fulfill existing commercial obligations, make enhancements, or develop new platforms and features could be limited. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, and policies that are applicable to the businesses of our customers may limit the use and adoption of, and reduce the overall demand for, our platforms. While we make significant efforts to comply with all laws, regulations, standards and obligations applicable to us, we cannot guarantee that we have always been or will always be successful. Privacy, biometrics, artificial intelligence, and data protection laws, rules and regulations are complex, and their interpretation is rapidly evolving, making implementation and enforcement, and thus compliance requirements, ambiguous, uncertain and potentially inconsistent. Compliance with such laws may require changes to our operations and business practices and may thereby increase compliance costs on CLEAR, our vendors or our partners or have other material adverse effects on our business. In addition, even alleged violations of such laws would be applicable under HIPAA costly to defend and divert management's attention. Any failure or perceived failure to do so comply with such laws and regulations could have an adverse impact on our business and generate negative publicity results. While we have invested and continue to invest significant resources to comply with data and technology- focused laws and regulations, enforcement or litigation under these laws and regulations could expose us to the possibility of material penalties, significant legal liability, changes in how we operate or offer our products, a loss of commercial revenue or opportunities, and interruptions or cessation of our ability to operate for key partners or in key industries or geographies, any of which could materially adversely affect our business, in turn results of operations and financial condition. While we make significant efforts to comply with all laws, regulations, standards and obligations applicable to us, we cannot guarantee that we have always been or will always be successful. Privacy, biometrics, artificial intelligence, and data protection laws, rules and regulations are complex, and their interpretation is rapidly evolving, making implementation and enforcement, and thus compliance requirements, ambiguous, uncertain and potentially inconsistent. Compliance with such laws may require changes to our operations and business practices and may thereby increase compliance costs on CLEAR, our vendors or our partners or have other material adverse effects on our business. In addition, even alleged violations of such laws could be costly to defend and divert management's attention. Failure or perceived failure to comply with such laws regarding the collection and regulations could have an adverse impact on our business and results. While we have invested and continue to invest significant resources to comply with data and technology- focused laws and regulations, enforcement or litigation under these laws and regulations could expose us to the possibility of material penalties, significant legal liability, changes in how we operate or offer our products, a loss of commercial revenue or opportunities, and interruptions or cessation of our ability to attract and retain Members. See "operate for key partners or in key industries or geographies, any of which could materially adversely affect our business —, results of operations and financial condition. Any failure or perceived failure by us (or by our vendors or commercial partners) to comply with privacy, biometrics, cybersecurity, artificial intelligence and data protection policies, notices, laws, rules and regulations could result in proceedings or actions against us by individuals, consumer rights groups, regulators, Government government Regulation agencies, commercial partners or others. "We could incur significant costs in investigating and defending such claims and, if found liable or if resolving such claims through settlement is desirable, pay significant damages, penalties or fines and / or be required to make substantial changes to our business. Further, these proceedings and any subsequent adverse outcomes may subject us to significant negative publicity, and an erosion of trust and commercial opportunity. If any of these events were to occur, our business, results of operations and financial condition could be materially adversely affected. The laws and regulations that we are subject to or may become subject to are constantly evolving. We are subject to a wide variety of laws and regulations in the United States and other jurisdictions as well as regulations promulgated by government agencies. These laws and regulations pertain to matters, including but not limited to, the collection and use of biometric or health information, data privacy and information protection, consumer protection, labor and employment, intellectual property, consumer and commercial contracting and others, and are often complex and subject to varying interpretations. As a result, their application in practice may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies, such as federal, state and local administrative agencies. New offerings and partnerships, or any potential international expansions we may pursue, may also subject us to laws and regulations that we have not historically been subject to. The costs of complying with, or our failure to comply with, any such laws or regulations may have an adverse impact on our business, results of operations and financial condition. In addition, our business operations at airports involve coordination with the DHS, and we are subject to audits and reviews by the DHS and the TSA. Governmental stakeholders may promulgate additional regulatory frameworks for us or increase the difficulty in maintaining our existing certifications, which may present additional challenges for our operations, increase our expenses, reduce our opportunities and divert management's attention. Failure to comply with these standards set for our operations by governmental stakeholders or applicable government frameworks may have an adverse impact on our business, results of operations and financial condition. See " — We must continue to meet the standards set for our airport operations by governmental stakeholders. " As our industry evolves and we continue to expand our platform offerings and,

Member base **and partnerships**, we may become subject to additional laws and regulations, which may differ or conflict from one jurisdiction to another. Additionally, legislation or regulation affecting the ability of service providers to periodically charge consumers for, among other things, recurring subscription payments, **as well as evolving compliance requirements under state, federal and international laws governing subscriptions and negative options**, may materially adversely affect our business, financial condition and results of operations. This could materially adversely affect our **Membership subscription or payment authorization rate**. Legislation or regulation regarding the foregoing, or changes to existing legislation or regulation governing subscription payments, **have been implemented in state and federal jurisdictions (such as California's Auto Renewal Law or the federal Restore Online Shopper's Confidence Act (or "ROSCA")) and additional laws or requirements** are being considered in many U. S. ~~states~~ **jurisdictions (such as the Negative Option Rule proposed by the Federal Trade Commission on October 16, 2024)**. While we monitor and attempt to comply with these legal developments, we may be subject to **regulatory action or litigation** claims under such legislation or regulation. Federal agency activity has enabled increased frequency of labor organizing activities across the United States. Should the Company become subject to such activities we may be required to expend substantial resources, both time and financial, which could have a material adverse effect on our employee relations, reputation, financial condition and results of operations. Additionally, actual or perceived **ESG environmental, social, governance and other sustainability** matters and our response to these matters could harm our reputation and business results. Increasing governmental and societal attention to **ESG environmental, social, governance and other sustainability** matters, including expanding mandatory and voluntary reporting, diligence, and disclosure on topics such as climate change, human capital, labor and risk oversight, could expand the nature, scope, and complexity of matters that we are required to control, assess and report. These factors may alter the environment in which we do business and may increase the ongoing costs of compliance and adversely impact our results of operations and cash flows. ~~If we are unable~~ **Our action or inaction with respect** to ~~adequately address~~ such **ESG environmental, social, governance and other sustainability** matters or fail to comply with all laws, regulations, policies and related interpretations, it could negatively impact our reputation and our business results. Our practices, offerings or platform could be inconsistent with, or fail or be alleged to fail to meet all requirements of, such laws, regulations or obligations. Our failure, or the failure by our partners, to comply with applicable laws or regulations or any other obligations relating to our platform offerings, could harm our reputation and brand, discourage new and existing Members from using our platform, **impact commercial opportunities**, lead to refunds of membership fees or result in fines or proceedings by governmental agencies or private claims and litigation, any of which could adversely affect our business, financial condition and results of operations. We may be subject to legal proceedings, regulatory disputes and governmental inquiries that could cause us to incur significant expenses, divert our management's attention and materially harm our business, financial condition and operating results. In the ordinary course of business, from time to time, we have been involved in legal proceedings and in the future may be subject to claims, lawsuits, government investigations and other proceedings ~~involving intellectual property, privacy, securities, tax, labor and employment, commercial disputes and other matters that could adversely affect our business operations and financial condition~~. Litigation and regulatory proceedings may be protracted and expensive, and the results are difficult to predict. Certain of these matters may include speculative claims for substantial or indeterminate amounts of damages and include claims for injunctive relief. Additionally, our litigation costs could be significant. Adverse outcomes with respect to litigation or any of these legal proceedings may result in significant settlement costs or judgments, penalties and fines, or require us to modify our products or services, harm our reputation or require us to stop offering certain features, all of which could negatively affect our membership and revenue growth. Should the ultimate judgments or settlements in any future litigation or investigation significantly exceed our insurance coverage, they could adversely affect our business, results of operations and financial condition. See "Business — Legal Proceedings." The results of litigation, investigations, claims and regulatory proceedings cannot be predicted with certainty, and determining reserves for pending litigation and other legal and regulatory matters requires significant judgment. There can be no assurance that our expectations will prove correct, and even if these matters are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our business, financial condition and operating results. The coverage afforded under our insurance policies may be inadequate for the needs of our business or our third- party insurers may be unable or unwilling to meet our coverage requirements, which could materially adversely affect our business, results of operations and financial condition. ~~We are subject to numerous obligations in our contracts with our partners and government agencies. Despite the measures we have implemented to comply with our contracts, we may fail to meet these commitments, whether through a weakness in these procedures, systems and internal controls, negligence or the willful act of an employee~~. Our insurance policies may be inadequate to compensate us for the potentially significant losses that may result from claims arising from failure to meet our contractual obligations, disruptions in our services, including those caused by cybersecurity incidents, failures or disruptions to our infrastructure, catastrophic events and disasters or otherwise. In addition, such insurance may not be available to us in the future on economically reasonable terms, or at all. Further, our insurance may not cover all claims made against us and defending a suit, regardless of its merit, could be costly and divert management's attention. Additionally, we procure insurance policies to cover various operations- related risks, including general business liability, workers' compensation, employment practices liability, cyber liability and data breaches, and directors' and officers' liability insurance. Our costs for obtaining insurance policies will increase as our business grows and continues to evolve. Furthermore, as our business continues to develop and expand, we may experience difficulty in obtaining insurance coverage for new and evolving offerings, which could require us to incur greater costs and materially adversely affect our business, results of operations and financial condition. For example, the cyber insurance market continues to evolve and may be less available than in the past. Accordingly, appropriate insurance coverage may not be available to us in the future on economically reasonable terms or at all to cover all of our business exposure. If we fail to comply with insurance regulatory requirements in the regions where we operate, or other regulations governing insurance coverage, our brand, reputation, business, results of operations and

financial condition could be materially adversely affected. For example, if the DHS were to increase the insurance coverage requirements for us related to our certification as a Qualified Anti-Terrorism Technology under the SAFETY Act, such insurance coverage may significantly increase our costs or may not be available to us. See “Liability protections provided by the SAFETY Act may be limited.” Our use of “open source” software could adversely affect our ability to offer our services and subject us to possible litigation, and may increase our vulnerability to unauthorized access and cyberattacks. We use open source software in connection with certain of our products and services. Companies that incorporate open source software into their products have, from time to time, faced claims challenging the use of open source software and / or compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software or claiming noncompliance with open source licensing terms. Some open source software licenses require users who distribute software containing open source software to publicly disclose all or part of the source code to such software and / or make available any derivative works of the open source code, which could include valuable proprietary code of the user, on unfavorable terms or at no cost. While we monitor the use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, in part because open source license terms are often ambiguous. Any requirement to disclose our proprietary source code or pay damages for breach of contract could have a material adverse effect on our business, financial condition and results of operations and could help our competitors develop products and services that are similar to or better than ours. In addition to risks related to license requirements, the use of open source software may increase our vulnerability to unauthorized access to our systems and other risks relating to cybersecurity. Open source software licensors generally do not provide updates, warranties, support, indemnities, assurances of title, or controls on origin of the software. Likewise, some open source projects have known security and other vulnerabilities and architectural instabilities, or are otherwise subject to cyberattacks due to their wide availability, and are provided on an “as-is” basis. Certain of our technologies and solutions are certified or designated by the DHS as Qualified Anti-Terrorism Technologies under the SAFETY Act. The SAFETY Act provides important legal liability protections for providers of qualified anti-terrorism products and services. Under the SAFETY Act, technology providers may apply to the DHS for coverage of the products and services. If granted coverage, such providers receive certain legal protections against product liability, professional liability and certain other claims that could arise following an act of terrorism. While we believe our applicable technologies and solutions will continue to meet with the approval of the DHS’ s SAFETY Act office, we cannot be sure that the SAFETY Act certification and designation will be **timely** renewed, **or at all**, in the future. Additionally, we do not enjoy coverage for every service we provide. In addition, the terms of the SAFETY Act coverage decisions awarded to us by the DHS contain conditions and requirements that we may not be able to continue to satisfy in the future. ~~If in the future, if~~ the DHS limits availability of SAFETY Act coverage or the scope of any coverage previously awarded to us, denies us coverage or suspends or terminates our coverage for a particular service, or delays in making decisions about whether to grant us coverage, we may become exposed to legal claims that the SAFETY Act was otherwise designed to prevent. Risks Related to Our Financial Results We may not be able to achieve or sustain profitability in the future and have incurred, and expect to continue to incur, increased expenses as we continue to invest in growth. Prior to our 2023 fiscal year, we had not been profitable since our relaunch in 2010, and we recorded a net loss of approximately \$ 115. 4 million, \$ 115. 1 million and \$ 9. 3 million for the years ended December 31, 2022, 2021 and 2020, respectively. ~~We have incurred increased expenses in response to increased travel volumes as the impact of the COVID-19 pandemic on the travel industry subsides, as well as due to our continued expansion and growth efforts, and enhancements to our offerings, such as the launch of NextGen Identity and the Lane of the Future. Following our IPO, we have also incurred, and expect to continue to incur, increased amounts of compensation expense, including related to equity awards granted under the Clear Secure, Inc. 2021 Omnibus Incentive Plan (“2021 Omnibus Incentive Plan”) to both existing employees and newly-hired employees, and grants in connection with new hires could be significant.~~ We cannot assure you that we will be able to achieve or sustain profitability on a quarterly or an annual basis. If we generate losses in the future, if our net losses increase or if we are cash flow negative, the market price of our common stock may decline. If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include, or could in the future include, those related to revenue recognition, capitalized internal-use software costs, income taxes, other non-income taxes, business combinations, valuation of goodwill, purchased intangible assets and share-based compensation. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our Class A Common Stock. Our focus on delivering a safe, reliable, predictable and frictionless Member experience may not maximize short-term financial results, which may yield results that conflict with the market’s expectations and could result in our stock price being negatively affected. We are focused on continually enhancing our Members’ experience on, and utilization of, our platform. We seek to achieve this objective by expanding our platform into our Members’ lives by entering into new verticals and airports, which may not necessarily maximize short-term financial results. We frequently make business decisions that may adversely impact our short-term financial results if we believe that the decisions are consistent with our goals to improve our Members’ experience, which we believe will improve our financial results over the long term. These decisions may not be consistent with

the short- term expectations of our stockholders and may not produce the long- term benefits that we expect, in which case our membership growth and the utilization of our platform, as well as our business, financial condition, and operating results, could be materially adversely affected.

**Risks Related to Our Corporate Structure** We are a holding company and our principal asset is our equity interests in Alclear, and we are accordingly dependent upon distributions from Alclear to pay dividends, if any, and taxes, make payments under any Tax Receivable Agreement and cover other expenses, including our corporate and other overhead expenses. We are a holding company and our principal asset is our ownership of common units of Alclear (“ Alclear Units ”). We have no independent means of generating revenue, and our ability to pay dividends, taxes and operating expenses is dependent upon the financial results and cash flows of Alclear and its subsidiaries and distributions we receive from Alclear. As the sole managing member of Alclear, we intend to cause, and will rely on, Alclear to make distributions to us, entities controlled by our co- founders, Caryn Seidman Becker and Kenneth Cornick, (such entities, the" Founder Post- IPO Members") and the other CLEAR Post- IPO Members, in amounts sufficient to cover dividends, if any, all applicable taxes payable by us, any payments we are obligated to make under the tax receivable agreement entered into between the Company and the CLEAR Post- IPO Members on June 29, 2021 in connection with the reorganization transactions (the “ Tax Receivable Agreement ”) and other costs or expenses. However, there can be no assurance that Alclear will generate sufficient cash flow to distribute funds to us or that applicable state law and contractual restrictions, including negative covenants in our debt instruments, will permit such distributions. In addition, when Alclear makes certain distributions to the Company, the other members of Alclear may also be entitled to receive distributions pro rata based on their economic interests in Alclear. To the extent that we need funds or intend to pay dividends and such distributions to us by Alclear are restricted or not possible, under applicable law or regulation, as a result of covenants in our debt agreements or otherwise, we may not be able to pay dividends or obtain such funds on terms acceptable to us or at all and as a result could suffer a material adverse effect on our liquidity and financial condition. Under Alclear’ s Operating Agreement, we expect Alclear from time to time to make pro rata distributions in cash to its unitholders, including us, the Founder Post- IPO Members and the other CLEAR Post- IPO Members, in amounts intended to cover taxes on our allocable share of the taxable income of Alclear and payments we are obligated to make under the Tax Receivable Agreement. As a result of (i) potential differences in the amount of net taxable income allocable to us and to Alclear’ s other unitholders, (ii) the lower tax rate applicable to corporations than individuals and (iii) the favorable tax benefits that we anticipate from (a) the Company’ s allocable share of existing tax basis acquired in its IPO, (b) increases in the Company’ s allocable share of existing tax basis and adjustments to the tax basis of the tangible and intangible assets of Alclear as a result of exchanges by the CLEAR Post- IPO Members (or their transferees or other assignees) of Alclear Units (along with the corresponding shares of our Class C Common Stock or Class D Common Stock, as applicable) for shares of our Class A Common Stock 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 CLEAR Post- IPO Members (or their transferees or other assignees) and (c) certain other tax benefits we anticipate receiving under the Tax Receivable Agreement, these cash distributions have been, and we expect that they will continue to be, in amounts that exceed our tax liabilities. Our Board will determine the appropriate uses for any excess cash so accumulated, which may include, among other uses, the payment of obligations under the Tax Receivable Agreement and the payment of other expenses. We have no obligation to distribute such cash (or other available cash) to our stockholders. No adjustments to the present exchange ratio of one- to- one for Alclear Units and corresponding shares of Common Stock is made as a result of any cash distribution by us or any retention of cash by us. To the extent we do not distribute such excess cash as dividends on our Class A Common Stock or Class B Common Stock or otherwise take ameliorative actions between Alclear Units and shares of Class A Common Stock or Class B Common Stock and instead, for example, hold such cash balances, or lend them to Alclear, this may result in shares of our Class A Common Stock or Class B Common Stock increasing in value relative to the value of Alclear Units. The holders of Alclear Units may benefit from any value attributable to such cash balances if they acquire shares of Class A Common Stock or Class B Common Stock in exchange for their Alclear Units, notwithstanding that such holders may previously have participated as holders of Alclear Units in distributions that resulted in such excess cash balances. We have in the past, and may or may not in the future, pay quarterly and special cash dividends to our stockholders, but our ability to do so may be limited by our holding company structure, contractual restrictions and other factors. We **initially** approved a quarterly dividend policy in August 2023, and have, at times, declared special cash dividends, to holders of our Class A and Class B Common Stock and may in the future pay cash dividends to our stockholders. However, we are a holding company, with our principal asset being our controlling equity interest in Alclear, and we have no independent means of generating revenue. Accordingly, as the managing member of Alclear, we intend to cause, and will rely on, Alclear to make distributions to its members, including Clear Secure, Inc., to fund our dividends. When Alclear makes such distributions, the other members of Alclear will also be entitled to receive distributions pro rata based on their economic interests in Alclear. Our Board will periodically review the cash generated from our business and the capital expenditures required to finance our growth plans and determine whether to declare dividends to our stockholders. Our Board will take into account general economic and business conditions, including our financial condition, results of operations and cash flows, capital requirements, contractual restrictions, including restrictions contained in our Credit Agreement, business prospects and other factors that our Board considers relevant. We cannot make any assurances as to the amount of future dividends or that we will declare or pay quarterly dividends, special cash dividends or any future dividends at all. In addition, our Credit Agreement limits the amount of distributions our subsidiaries, including Alclear, can make to us and the purposes for which distributions could be made. Accordingly, we may not be able to pay dividends even if our Board would otherwise deem it appropriate. See “ Item 2. Management’ s Discussion and Analysis of Financial Condition and Results of Operations- Liquidity and Capital Resources. ”