

CLEAR

CLEAR
SECURE, INC.
(YOU)

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Stetler



Agenda

1. Executive Summary
2. Company and Product Overview
2. Industry Analysis
3. Financial Overview
4. Valuation and Ratio Analysis
5. Final Recommendation

Executive Summary

- **Proposing to buy ~6% of the Seger Fund with shares in Clear Secure Inc. (YOU)**
- **Strategically position to take advantage of an expanding industry**
- **Positive financial outlook via DCF and EV/EBITDA valuations along with short term financial forecasts**

Company Overview

- **Clear Secure, Inc. provides software solutions. The Company offers security applications for airports, stadiums, and other venues.**
- **As of end of 2023, Over 180 million Members are now on the CLEAR platform with both the Clear Travel and Clear Verified programs**
- **Clear Travel acts as a TSA Precheck type of service, using an annual subscription model, and a person's biometrics profile to bypass security lines**
- **Clear Verified is an identity protection platform that allows businesses to ensure their client base is rid of fraud**
- **In 2020, Clear was selected by TSA precheck to be the only company able to offer renewal of TSA pre-checks to customers**

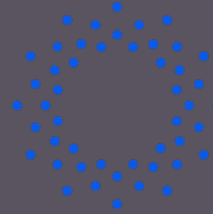


Product Overview

- Active CLEAR Plus Members of 6.7 million with an Annual CLEAR Plus Net Member Retention of 86.3% and Annualized CLEAR Plus Member Usage of 8.1x
- In travel, CLEAR Plus is in 56 airports with 147 Lanes nationally and 20 RESERVE locations globally
- Actively launching TSA Precheck Enrollment Provided by CLEAR both online renewals and in person enrollment
- CLEAR Verified continues to add new partners in healthcare, financial services, and digital marketplaces such as LinkedIn
- LinkedIn recently conducted a Trust Experience Survey that found that verification via CLEAR has driven high member satisfaction (75%) and that verified members associate ID verification with higher confidence in assessing authenticity of other members



Industry Overview – SWOT Analysis



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Strengths:

- Growth Life Cycle Stage
- High Profit vs. Sector Average
- Low Capital Requirements

Opportunities:

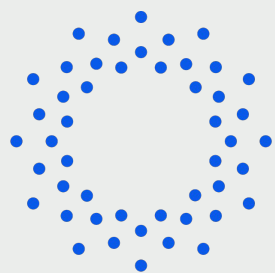
- High Revenue Growth: Past, Present, and Future
- Private investment in computers and software
- U.S. Travel Association forecasts a 3% increase in air travel for 2024— that means 26 million more passengers through checkpoints this year

Weaknesses:

- Low & Increasing Barriers to Entry (for Business Identity Protection side of business)

Threats:

- Low Performance Drivers
- Low Outlier Growth
- New entrants to the industry/reduced role with TSA



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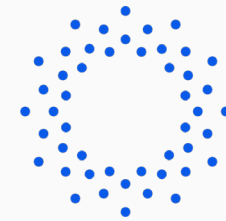
Financial Overview 2023

4) Company Financials MODL »		2) Current Period Overview (Q1/24)		2) Prior Period Analysis (Q4/23)	
Measure	Actual	Estimate	Surprise	Peers Scorecard (1 of 2)	Past Surprise
1) EPS, Adj+	0.279	0.156	79.04%	Beat:1 Met:0 Missed:0	Beat 8 of 8
1) EPS, GAAP	0.381	0.100	280.55%	Beat:1 Met:0 Missed:0	Beat 6 of 8
1) Revenue	170.965M	166.750M	2.53%	Beat:1 Met:0 Missed:0	Beat 8 of 8
1) Net Income, Adj+	26.199M	24.160M	8.44%	Beat:1 Met:0 Missed:0	Beat 8 of 8
1) Operating Profit	--	5.142M	--	--	--
1) EBITDA	25.835M	23.200M	11.36%	Beat:1 Met:0 Missed:0	Beat 7 of 8

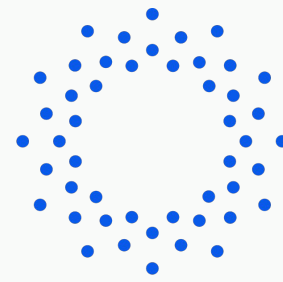
- Revenue Growth of 40.27%
- EBITDA Growth of 185%
- Net Income Growth 176.08%
- Active CLEAR Plus Members of 6.7 million were up 23.4%
- Total Cumulative Platform Uses of 180.8 million were up 39.5%

Financial Outlook 2024

- Expected strong top line growth with high incremental margins and significant Free Cash Flow growth of at least 30%
- Well position to progress towards EBITDA margin of +35%
- Large storage of cash gives ample abilities to successfully take on new projects and expand the company
- Backed by a robust excess cash position, Clear is strategically positioned to seize new market opportunities through targeted mergers and acquisitions (M&A), fueling growth and market expansion while maximizing shareholder value.



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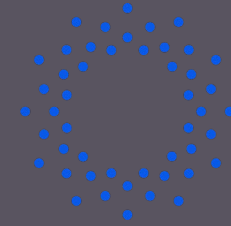
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Ratio Analysis

Company	Gross Margin	DSO	ROE	FWD P/E
Clear (YOU)	62.28	0.50	10.72	61.39
Alarm.Com (ALRM)	63.12	52.76	12.59	44.16
RTX Corp (RTX)	17.54	52.82	4.83	18.98

- Strong Gross Margin at 62% showcases Clear's robust profitability and efficient cost management, positioning the company for sustainable growth and investment opportunities.
- With the subscription business model of Clear, they are a positive outlier as far as their DSO
- Clear's capital structure is strictly equity, ROE gives a clear picture of management being able to give higher industry return on financing
- The P/E of Clear is high for the industry however with Clear's growth potential there is room for earnings to climb
- Clear has no long-term debt on B/S while building on Cash and Marketable Securities, positioning the company to be able to heavily invest in Capex and/or M&A

DCF Valuation

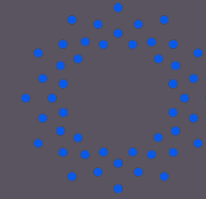


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- **Forecasted sales projections: 25%, 15%, 5%, 2.9% coming from Bloomberg and IBIS World**
- **2023 was first year with positive net earnings and internal forecasts predict this trend to stay**
- **Large tax benefits from past net losses lead to a 2023 effective tax rate of 1.4%**
- **DCF gives an implied undervaluation of 7%**
- **Dividend of .32 per share expected for month of April**

Beta	1.48
Risk Free Rate	4.25%
MRP	6%
WACC	13.13%
Net Reinvestment Rate	14.87%
ROIC	7.09%
LTGR	1.06%
Smoothed Terminal Year	27,180
Terminal Value	227,470
PV of TV	122,754
NPV of First 5 years	74,662
Equity Value	197,415,912
Shares o/s	8,969,544
Implied Share price	22.01
Current Share Price	20.58
Undervalued	6.95%

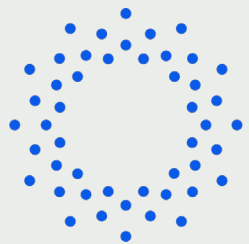
EV/EBITDA Valuation



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- Alarm.com is similar to Clear in size: 31.3MM & 41.7MM EBITDA's
- EV to EBITDA Multiple of 9.8
- Implied undervaluation of 22%
- This gives a valuation range of 22-40 share price range
- We put more belief in the DCF due to the fact this is CLEAR's first year with positive earnings

Alarm.com Market Cap	
shares o/s	49,868,175
market price	71.5
Market Cap	3,565,574,513
Less: net debt	493,515,000
Enterprise value	307,205,951
EBITDA	31,300,000
EV to EBITDA	9.8
CLEAR EBITDA	41,787,000
Implied Enterprise Value	361,696,730
shares o/s	8,969,544
Implied share price	40
Share price	31.39
Undervalued	22.16%



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Purchase Strategy

Buy: 929 shares @21.52 ~\$20,000

Buy: 1022 shares @21.52 ~\$22,000

Stop Loss: 16.50 ~-\$4,600 loss

Exit Strategy: 27.05 ~\$4,600 gain

Dividend of .32 Cents was paid out on April 1st