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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: May 7, 2020

Date of Earliest Event Reported: May 7, 2020

ENVESTNET, INC.

(Exact name of registrant as specified in its charter)

Delaware	**001-34835**	**20-1409613**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

35 East Wacker Drive, Suite 2400 **Chicago,** **Illinois** **60601**
(Address of principal executive offices) (Zip Code)

(312) 827-2800
(Registrant's telephone number, including area code)
Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))

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

Title of each class	Trading symbol(s)	Name of exchange on which registered
Common Stock, par value $0.005 per share	ENV	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

Item 2.02. Results of Operations and Financial Condition

On May 7, 2020, Envestnet, Inc. ("Envestnet") issued a press release regarding Envestnet's financial results for itsfirst quarter ended March 31, 2020 and its first quarter 2020 supplemental presentation. The full text of Envestnet's press release and supplemental presentation are furnished herewith as Exhibit 99.1 and Exhibit 99.2, respectively.

The information in this Item 2.02 and the attached exhibits are being furnished to the Securities and Exchange Commission and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing of Envestnet under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
99.1	Press Release dated November 7, 2020
99.2	First Quarter 2020 Supplemental Presentation

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release dated November 7, 2020
99.2	First Quarter 2020 Supplemental Presentation
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document

SIGNATURE

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

Dated: May 7, 2020

ENVESTNET, INC.

By: /s/ Peter H. D'Arrigo
Name: Peter H. D'Arrigo
Title: Chief Financial Officer

Exhibit 99.1

Envestnet Reports First Quarter 2020 Financial Results

Chicago, IL — May 7, 2020 — Envestnet (NYSE: ENV), a leading provider of intelligent systems for wealth management and financial wellness, today reported financial results for the three months ended March 31, 2020.

Key Financial Metrics (in millions except per share data)	Three months ended March 31, 2020	Three months ended March 31, 2019	% Change
GAAP:			
Total revenues	$ 246.5	$ 199.7	23%
Net income (loss)	$ (7.2)	$ (18.3)	(61)%
Net income (loss) per diluted share attributable to Envestnet, Inc.	$ (0.14)	$ (0.38)	(63)%
Non-GAAP:			
Adjusted revenues[1]	$ 247.0	$ 199.7	24%
Adjusted net revenues[1]	$ 178.4	$ 145.8	22%
Adjusted EBITDA[1]	$ 54.6	$ 34.0	61%
Adjusted net income[1]	$ 31.2	$ 19.4	61%
Adjusted net income per diluted share[1]	$ 0.57	$ 0.39	46%

n/m - not meaningful

"During these unprecedented times, supporting our clients while ensuring the health and safety of our employees is our top priority. While we are accustomed to functioning effectively across multiple locations, today nearly 100% of our workforce is remote. Even so, our people and technology platforms have demonstrated the ability to support an historic level of volatility and client activity," said Bill Crager, Chief Executive Officer.

"As we move forward, we are well positioned to help our clients navigate our new landscape. I am grateful for the commitment and dedication of our teams across the globe as we help advisors and firms improve the financial lives of their clients. Envestnet has been there for them throughout this extraordinary time. And we are ready to power the next phase of advice, with the ultimate goal of improving the financial lives of millions of American households," concluded Mr. Crager.

COVID-19 Pandemic

We are closely monitoring developments with the COVID-19 pandemic and taking proactive measures to ensure business continuity. Our priority is to protect the well-being of our employees, while we continue to provide uninterrupted service and support to our clients. As part of our existing business continuity protocol, we created a pandemic steering committee that meets regularly and communicates information or guidance to employees and customers. Currently, nearly 100% of our employees are working remotely, with the tools they need to perform their jobs. We are implementing location-specific back-to-office plans incorporating guidance from the CDC, OSHA and in consideration of local regulations and ordinances. As the situation evolves, we will continue to support our customers and the health and well-being of our employees and other stakeholders.

Financial Results for the First Quarter of 2020

Asset-based recurring revenues increased 24% from the first quarter of 2019, and represented 55% of total revenues for the first quarters of both 2020 and 2019. Subscription-based recurring revenues increased 26% from the first quarter of 2019, and represented 42% of total revenues the first quarter of 2020 and 2019. Professional services and other non-recurring revenues decreased 6% from the prior year period. Total revenues increased 23% to $246.5 million for the

first quarter of 2020 from $199.7 million for the first quarter of 2019. When excluding $17.4 million of revenue from acquisitions not included in the prior period, total revenue grew 15% for the three months ended March 31, 2020, compared to the first quarter of 2019.

Total operating expenses for the first quarter of 2020 increased 22% to $254.2 million from $208.4 million in the prior year period. Cost of revenues increased 22% to $74.9 million for the first quarter of 2020 from $61.6 million for the prior year period. Compensation and benefits increased 27% to $110.4 million for the first quarter of 2020 from $86.7 million for the prior year period. Compensation and benefits were 45% of total revenues for the first quarter of 2020, compared to 43% in the prior year period. General and administration expenses increased 1% to $41.1 million for the first quarter of 2020 from $40.5 million for the prior year period. General and administrative expenses were 17% of total revenues for the first quarter of 2020, compared to 20% in the prior year period.

Loss from operations was $7.6 million for the first quarter of 2020 compared to loss of $8.7 million for the first quarter of 2019. Net loss was $7.2 million for the first quarter of 2020 compared to net loss of $18.3 million for the first quarter of 2019. Net loss per diluted share attributable to Envestnet, Inc. was $0.14 for the first quarter of 2020 compared to net loss per diluted share attributable to Envestnet, Inc. of $0.38 for the first quarter of 2019.

Adjusted revenues[(1)] for the first quarter of 2020 increased 24% to $247.0 million from $199.7 million for the prior year period. Adjusted net revenues[(1)] for the first quarter of 2020 increased 22% to $178.4 million from $145.8 million for the prior year period. Adjusted EBITDA[(1)] for the first quarter of 2020 increased 61% to $54.6 million from $34.0 million for the prior year period. Adjusted net income[(1)] increased 61% for the first quarter of 2020 to $31.2 million from $19.4 million for the prior year period. Adjusted net income per diluted share[(1)] for the first quarter of 2020 increased 46% to $0.57 for the first quarter of 2020 from $0.39 in the first quarter of 2019.

Balance Sheet and Liquidity

As of March 31, 2020, the Company had $68.6 million in cash and cash equivalents and $635.0 million in outstanding debt. The outstanding debt as of March 31, 2020 included $290.0 million in borrowings under the Company's $500.0 million revolving credit facility and $345.0 million in convertible notes maturing in 2023.

Outlook

The Company provided the following outlook for the second quarter ending June 30, 2020 and full year ending December 31, 2020. This outlook is based on the market value of assets on March 31, 2020. We caution that we cannot predict the market value of our assets on any future date and, in particular, in light of recent market volatility. See “Cautionary Statement Regarding Forward-Looking Statements.”

In Millions Except Adjusted EPS	2Q 2020			FY 2020		
GAAP:						
Revenues:						
Asset-based	$ 116.0	-	$ 116.5			
Subscription-based	103.4	-	103.9			
Total recurring revenues	$ 219.4	-	$ 220.4			
Professional services and other revenues	6.5	-	7.0			
Total revenues	$ 225.9	-	$ 227.4	$ 939.5	-	$ 945.5
Asset-based cost of revenues	$ 60.5	-	$ 61.0	$ 257.0	-	$ 262.0
Total cost of revenues	$ 68.0	-	$ 68.5			
Net income	(a)	-	(a)	(a)	-	(a)
Diluted shares outstanding		55.0			55.0	
Net income per diluted share	(a)	-	(a)	(a)	-	(a)
Non-GAAP:						
Adjusted revenues [1]:						
Asset-based	$ 116.0	-	$ 116.5			
Subscription-based	103.5	-	104.0			
Total recurring revenues	$ 219.5	-	$ 220.5			
Professional services and other revenues	6.5	-	7.0			
Total revenues	$ 226.0	-	$ 227.5	$ 940.0	-	$ 946.0
Adjusted net revenues [1]	$ 165.0	-	$ 167.0	$ 678.0	-	$ 689.0
Adjusted EBITDA[1]	$ 47.5	-	$ 48.5	$ 200.0	-	$ 203.0
Adjusted net income per diluted share[1]		$ 0.47		$ 1.92	-	$ 2.02

(a) The Company does not forecast net income and net income per diluted share due to the unpredictable nature of various items adjusted for non-GAAP disclosure purposes, including the periodic GAAP income tax provision.

Conference Call

Envestnet will host a conference call to discuss first quarter 2020 financial results today at 5:00 p.m. ET. The live webcast and accompanying presentation can be accessed from Envestnet's investor relations website at http://ir.envestnet.com/. A replay of the webcast will be available on the investor relations website following the call.

About Envestnet

Envestnet, Inc. (NYSE: ENV) is a leading provider of intelligent systems for wealth management and financial wellness. Envestnet's unified technology empowers enterprises and advisors to more fully understand their clients and deliver actionable intelligence that drives better outcomes and improves lives.

Envestnet Wealth Solutions enables enterprises and advisors to better manage client outcomes and strengthen their practices through its leading Wealth Management Operating System and advanced portfolio solutions. **Envestnet | Tamarac** provides portfolio management, reporting, trading, rebalancing and client portal solutions for registered independent advisers ("RIAs"). **Envestnet | MoneyGuide** provides goals-based financial planning applications. **Envestnet Data & Analytics** enables innovation and insights through its **Envestnet | Yodlee** data aggregation platform.

More than 103,000 advisors and more than 4,900 companies including: 16 of the 20 largest U.S. banks, 46 of the 50 largest wealth management and brokerage firms, over 500 of the largest RIAs and hundreds of internet services companies, leverage Envestnet technology and services. Envestnet solutions enhance knowledge of the client, accelerate client on-boarding, improve client digital experiences and help drive better outcomes for enterprises, advisors and their clients.

For more information on Envestnet, please visit www.envestnet.com and follow us on twitter @ENVintel.

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(1) Non-GAAP Financial Measures

"Adjusted revenues" excludes the effect of purchase accounting on the fair value of acquired deferred revenue. Under GAAP, we record at fair value the acquired deferred revenue for contracts in effect at the time the entities were acquired. Consequently, revenue related to acquired entities for periods subsequent to the acquisition does not reflect the full amount of revenue that would have been recorded by these entities had they remained stand-alone entities.

"Adjusted net revenues" represents adjusted revenues less asset-based costs of revenues. Under GAAP, we are required to recognize as revenue certain fees paid to investment managers and other third parties needed for implementation of investment solutions included in our assets under management. Those fees also are required to be recorded as cost of revenues. This non-GAAP metric presents adjusted revenues without such fees included, as they have no impact on our profitability.

Adjusted revenues and Adjusted net revenues have limitations as financial measures, should be considered as supplemental in nature and are not meant as a substitute for revenue prepared in accordance with GAAP.

"Adjusted EBITDA" represents net loss before deferred revenue fair value adjustment, interest income, interest expense, accretion on contingent consideration and purchase liability, income tax provision (benefit), depreciation and amortization, non-cash compensation expense, restructuring charges and transaction costs, severance, non-recurring litigation and regulatory related expenses, foreign currency, non-income tax expense adjustment, non-recurring gain, loss allocation from equity method investment and (income) loss attributable to non-controlling interest.

"Adjusted net income" represents net loss before deferred revenue fair value adjustment, accretion on contingent consideration and purchase liability, non-cash interest expense, non-cash compensation expense, restructuring charges and transaction costs, severance, amortization of acquired intangibles, non-recurring litigation and regulatory related expenses, foreign currency, non-income tax expense adjustment, non-recurring gain, loss allocation from equity method investment and (income) loss attributable to non-controlling interest. Reconciling items are presented gross of tax, and a normalized tax rate is applied to the total of all reconciling items to arrive at adjusted net income. The normalized tax rate is based solely on the estimated blended statutory income tax rates in the jurisdictions in which we operate. We monitor the normalized tax rate based on events or trends that could materially impact the rate, including tax legislation changes and changes in the geographic mix of our operations.

"Adjusted net income per diluted share" represents adjusted net income attributable to common stockholders divided by the diluted number of weighted-average shares outstanding.

See reconciliation of Non-GAAP Financial Measures on pages 9-12 of this press release. Reconciliations are not provided for guidance on such measures as the Company is unable to predict the amounts to be adjusted, such as the GAAP tax provision. The Company's Non-GAAP Financial Measures should not be viewed as a substitute for revenues, net income or net income per share determined in accordance with GAAP.

Cautionary Statement Regarding Forward-Looking Statements

The forward-looking statements made in this press release and its attachments concerning, among other things, Envestnet, Inc.'s expected financial performance and outlook for the second quarter and full year of 2020, its strategic operational plans and growth strategy are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties and the Company's actual results could differ materially from the results expressed or implied by such forward-looking statements. Furthermore, reported results should not be considered as an indication of future performance. The potential risks, uncertainties and other factors that could cause actual results to differ from those expressed by the forward-looking statements in this press release include, but are not limited to, a pandemic or health crisis, including the COVID-19 pandemic, and its impact on financial institutions, the global economy or capital markets, as well as our products, clients, vendors and employees, and our results of operations, the full extent of which is currently unknown; changes and volatility in financial and capital markets, which could result in changes in demand for our products or services or in the value of assets on which we earn revenue; the possibility that the anticipated benefits of any of our acquisitions will not be realized to the extent or when expected, difficulty in sustaining rapid revenue growth, which may place significant demands on our administrative, operational and financial resources, the concentration of nearly all of our revenues from the delivery of our solutions and services to clients in the financial services industry, our reliance on a limited number of clients for a material portion of our revenues, the renegotiation of fee percentages or termination of our services by our clients, our ability to identify potential acquisition candidates, complete acquisitions and successfully integrate acquired companies, the impact of market and economic conditions on revenues, our inability to successfully execute the conversion of clients' assets from their technology platform to our technology platforms in a timely and accurate manner, our ability to expand our relationships with existing customers, grow the number of customers and derive revenue from new offerings such as our data analytics solutions and market research services and premium financial applications, compliance failures, adverse judicial or regulatory proceedings against us, liabilities associated with potential, perceived or actual breaches of fiduciary duties and/or conflicts of interest, changes in laws and regulations, including tax laws and regulations, general economic conditions, political and regulatory conditions, the impact of fluctuations in market condition and interest rates on the demand for our products and services and the value of assets under management or administration, the impact of market conditions on our ability to issue debt and equity, the impact of fluctuations in interest rates on our cost of borrowing, our financial performance, the results of our investments in research and development, our data center and other infrastructure, our ability to maintain the security and integrity of our systems and facilities and to maintain the privacy of personal information, failure of our systems to work properly, our ability to realize operating efficiencies, the advantages of our solutions as compared to those of others, the failure to protect our intellectual property rights, our ability to establish and maintain intellectual property rights, our ability to retain and hire necessary employees and appropriately staff our operations and management's response to these factors. More information regarding these and other risks, uncertainties and factors is contained in our filings with the Securities and Exchange Commission ("SEC") which are available on the SEC's website at www.sec.gov or the our Investor Relations website at http://ir.envestnet.com/. You are cautioned not to unduly rely on these forward-looking statements, which speak only as of the date of this press release. All information in this press release and its attachments is as of May 7, 2020 and, unless required by law, we undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this press release or to report the occurrence of unanticipated events.

Contacts

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Media Relations
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Envestnet, Inc.
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	March 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 68,601	$ 82,505
Fees receivable, net	81,133	67,815
Prepaid expenses and other current assets	37,699	32,183
Total current assets	187,433	182,503
Property and equipment, net	53,190	53,756
Internally developed software, net	68,227	60,263
Intangible assets, net	489,840	505,589
Goodwill	906,501	879,850
Operating lease right-of-use-assets, net	78,860	82,796
Other non-current assets	46,407	37,127
Total assets	$ 1,830,458	$ 1,801,884
Liabilities and Equity		
Current liabilities:		
Accrued expenses and other liabilities	$ 132,142	$ 137,944
Accounts payable	14,294	17,277
Operating lease liabilities	13,736	13,816
Contingent consideration	2,569	—
Deferred revenue	40,177	34,753
Total current liabilities	202,918	203,790
Convertible Notes due 2023	308,262	305,513
Revolving credit facility	290,000	260,000
Contingent consideration	12,222	9,045
Deferred revenue	6,277	5,754
Non-current operating lease liabilities	84,935	88,365
Deferred tax liabilities, net	26,680	29,481
Other non-current liabilities	34,967	32,360
Total liabilities	966,261	934,308
Equity:		
Total stockholders' equity	865,569	869,094
Non-controlling interest	(1,372)	(1,518)
Total liabilities and equity	$ 1,830,458	$ 1,801,884

Envestnet, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share information)
(unaudited)

	Three Months Ended March 31,	
	2020	**2019**
Revenues:		
Asset-based	$ 134,811	$ 108,934
Subscription-based	104,551	83,087
Total recurring revenues	239,362	192,021
Professional services and other revenues	7,177	7,645
Total revenues	246,539	199,666
Operating expenses:		
Cost of revenues	74,933	61,645
Compensation and benefits	110,430	86,717
General and administration	41,110	40,524
Depreciation and amortization	27,683	19,517
Total operating expenses	254,156	208,403
Loss from operations	(7,617)	(8,737)
Other expense, net	(1,537)	(5,763)
Loss before income tax provision (benefit)	(9,154)	(14,500)
Income tax provision (benefit)	(1,964)	3,768
Net loss	(7,190)	(18,268)
Add: Net (income) loss attributable to non-controlling interest	(146)	83
Net loss attributable to Envestnet, Inc.	$ (7,336)	$ (18,185)
Net loss per share attributable to Envestnet, Inc.:		
Basic	$ (0.14)	$ (0.38)
Diluted	$ (0.14)	$ (0.38)
Weighted average common shares outstanding:		
Basic	53,016,511	48,237,265
Diluted	53,016,511	48,237,265

Envestnet, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2020	**2019**
OPERATING ACTIVITIES:		
Net loss	$ (7,190)	$ (18,268)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	27,683	19,517
Provision for doubtful accounts	1,026	451
Deferred income taxes	(1,587)	169
Non-cash compensation expense	15,985	12,864
Non-cash interest expense	4,463	6,880
Accretion on contingent consideration and purchase liability	599	240
Gain on acquisition of equity method investment	(4,230)	—
Loss allocation from equity method investment	2,030	203
Changes in operating assets and liabilities, net of acquisitions:		
Fees receivables, net	(14,333)	1,198
Prepaid expenses and other current assets	(6,793)	(13,346)
Other non-current assets	641	(1,060)
Accrued expenses and other liabilities	(11,554)	(34,495)
Accounts payable	(3,205)	5,179
Deferred revenue	5,598	7,039
Other non-current liabilities	(145)	854
Net cash provided by (used in) operating activities	8,988	(12,575)
INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,160)	(5,247)
Capitalization of internally developed software	(11,572)	(7,185)
Investments in private companies	(11,700)	(1,000)
Acquisitions of businesses, net of cash acquired	(20,257)	(11,061)
Net cash used in investing activities	(45,689)	(24,493)
FINANCING ACTIVITIES:		
Proceeds from borrowings on revolving credit facility	45,000	—
Payments on revolving credit facility	(15,000)	—
Proceeds from exercise of stock options	3,408	3,163
Purchase of treasury stock for stock-based tax withholdings	(9,199)	(9,819)
Issuance of restricted stock units	2	2
Net cash provided by (used in) financing activities	24,211	(6,654)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(1,496)	112
DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(13,986)	(43,610)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	82,755	289,671
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD (a)	$ 68,769	$ 246,061

(a) The following table provides a reconciliation of cash, cash equivalents and restricted cash to amounts reported within the Condensed Consolidated Balance Sheets:

	March 31, 2020	March 31, 2019
Cash and cash equivalents	$ 68,601	$ 245,735
Restricted cash included in prepaid expenses and other current assets	—	158
Restricted cash included in other non-current assets	168	168
Total cash, cash equivalents and restricted cash	$ 68,769	$ 246,061

Reconciliation of Non-GAAP Financial Measures
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2020	2019
Total revenues	$ 246,539	$ 199,666
Deferred revenue fair value adjustment [(a)]	439	6
Adjusted revenues	246,978	199,672
Asset-based cost of revenues	(68,592)	(53,842)
Adjusted net revenues	$ 178,386	$ 145,830
Net loss	$ (7,190)	$ (18,268)
Add (deduct):		
Deferred revenue fair value adjustment [(a)]	439	6
Interest income [(b)]	(391)	(1,510)
Interest expense [(b)]	7,134	7,096
Accretion on contingent consideration and purchase liability [(c)]	599	240
Income tax provision (benefit)	(1,964)	3,768
Depreciation and amortization	27,683	19,517
Non-cash compensation expense [(d)]	13,470	12,864
Restructuring charges and transaction costs [(c)]	2,820	7,366
Severance [(e)]	13,982	2,480
Non-recurring litigation and regulatory related expenses [(c)]	703	—
Foreign currency [(b)]	(494)	(1)
Non-income tax expense adjustment [(c)]	188	210
Non-recurring gain [(b)]	(4,230)	—
Loss allocation from equity method investment [(b)]	2,030	203
(Income) loss attributable to non-controlling interest	(201)	31
Adjusted EBITDA	$ 54,578	$ 34,002

(a) Included within subscription-based revenues in the condensed consolidated statements of operations.
(b) Included within other expense, net in the condensed consolidated statements of operations.
(c) Included within general and administrative expenses in the condensed consolidated statements of operations.
(d) For the 2020 period, $15,994 included in compensation and benefits, and a fair value adjustment of $(2,524) of other included in other expense, net in the condensed consolidated statements of operations. All of 2019 included in compensation and benefits in the condensed consolidated statements of operations.
(e) Included within compensation and benefits in the condensed consolidated statements of operations.

Envestnet, Inc.
Reconciliation of Non-GAAP Financial Measures
(in thousands, except share and per share information)
(unaudited)

	Three Months Ended March 31,	
	2020	**2019**
Net loss	$ (7,190)	$ (18,268)
Income tax provision (benefit) [a]	(1,964)	3,768
Loss before income tax provision (benefit)	(9,154)	(14,500)
Add (deduct):		
Deferred revenue fair value adjustment [b]	439	6
Accretion on contingent consideration and purchase liability [d]	599	240
Non-cash interest expense [c]	2,962	4,616
Non-cash compensation expense [e]	13,470	12,864
Restructuring charges and transaction costs [d]	2,820	7,366
Severance [f]	13,982	2,480
Amortization of acquired intangibles [g]	18,758	12,528
Non-recurring litigation and regulatory related expenses [d]	703	—
Foreign currency [c]	(494)	(1)
Non-income tax expense adjustment [d]	188	210
Non-recurring gain [c]	(4,230)	—
Loss allocation from equity method investment [c]	2,030	203
(Income) loss attributable to non-controlling interest	(201)	31
Adjusted net income before income tax effect	41,872	26,043
Income tax effect [h]	(10,670)	(6,632)
Adjusted net income	$ 31,202	$ 19,411
Basic number of weighted-average shares outstanding	53,016,511	48,237,265
Effect of dilutive shares:		
Options to purchase common stock	664,796	1,198,197
Unvested restricted stock units	600,567	656,798
Convertible notes	235,182	—
Warrants	42,551	—
Diluted number of weighted-average shares outstanding	54,559,607	50,092,260
Adjusted net income per share - diluted	$ 0.57	$ 0.39

(a) For the three months ended March 31, 2020 and 2019, the effective tax rate computed in accordance with GAAP equaled 21.5% and (26.0)%, respectively.
(b) Included within subscription-based revenues in the condensed consolidated statements of operations.
(c) Included within other expense, net in the condensed consolidated statements of operations.
(d) Included within general and administrative expenses in the condensed consolidated statements of operations.
(e) For the 2020 period, $15,994 included in compensation and benefits, and a fair value adjustment of $(2,524) of other included in other expense, net in the condensed consolidated statements of operations. All of 2019 included in compensation and benefits in the condensed consolidated statements of operations.
(f) Included within compensation and benefits in the condensed consolidated statements of operations.
(g) Included within depreciation and amortization in the condensed consolidated statements of operations.
(h) Estimated normalized effective tax rates of 25.5% have been used to compute adjusted net income for the three months ended March 31, 2020 and 2019.

Reconciliation of Non-GAAP Financial Measures
Segment Information
(in thousands)
(unaudited)

	Three months ended March 31, 2020			
	Envestnet Wealth Solutions	Envestnet Data & Analytics	Nonsegment	Total
Total Revenues	$ 198,420	$ 48,119	$ —	$ 246,539
Deferred revenue fair value adjustment [a]	439	—	—	439
Adjusted revenues	198,859	48,119	—	246,978
Less: Asset-based cost of revenues	(68,592)	—	—	(68,592)
Adjusted net revenues	$ 130,267	$ 48,119	$ —	$ 178,386
Revenues:				
Asset-based	$ 134,811	$ —	$ —	$ 134,811
Subscription-based	60,323	44,228	—	104,551
Total recurring revenues	195,134	44,228	—	239,362
Professional services and other revenues	3,286	3,891	—	7,177
Total revenues	198,420	48,119	—	246,539
Operating expenses:				
Cost of revenues:				
Asset-based	68,592	—	—	68,592
Subscription-based	1,192	5,085	—	6,277
Professional services and other	8	56	—	64
Total cost of revenues	69,792	5,141	—	74,933
Compensation and benefits	72,588	30,113	7,729	110,430
General and administration	25,280	9,187	6,643	41,110
Depreciation and amortization	19,420	8,263	—	27,683
Total operating expenses	$ 187,080	$ 52,704	$ 14,372	$ 254,156
Income (loss) from operations	$ 11,340	$ (4,585)	$ (14,372)	$ (7,617)
Add:				
Deferred revenue fair value adjustment [a]	439	—	—	439
Accretion on contingent consideration and purchase liability [b]	373	226	—	599
Depreciation and amortization	19,420	8,263	—	27,683
Non-cash compensation expense [c]	9,697	4,226	2,071	15,994
Restructuring charges and transaction costs [b]	1,189	185	1,446	2,820
Non-income tax expense adjustment [b]	250	(62)	—	188
Severance [c]	11,002	1,660	1,320	13,982
Non-recurring litigation and regulatory related expenses [b]	—	703	—	703
Income attributable to non-controlling interest	(201)	—	—	(201)
Other	(12)	—	—	(12)
Adjusted EBITDA	$ 53,497	$ 10,616	$ (9,535)	$ 54,578

(a) Included within subscription-based revenues in the condensed consolidated statements of operations.
(b) Included within general and administrative expenses in the condensed consolidated statements of operations.
(c) Included within compensation and benefits in the condensed consolidated statements of operations.

Reconciliation of Non-GAAP Financial Measures
Segment Information
(in thousands)
(unaudited)

	Three Months Ended March 31, 2019			
	Envestnet Wealth Solutions	Envestnet Data & Analytics	Nonsegment	Total
Revenues	$ 152,705	$ 46,961	$ —	$ 199,666
Deferred revenue fair value adjustment [a]	6	—	—	6
Adjusted revenues	152,711	46,961	—	199,672
Less: Asset-based cost of revenues	(53,842)	—	—	(53,842)
Adjusted net revenues	$ 98,869	$ 46,961	$ —	$ 145,830
Revenues:				
Asset-based	$ 108,934	$ —	$ —	$ 108,934
Subscription-based	41,026	42,061	—	83,087
Total recurring revenues	149,960	42,061	—	192,021
Professional services and other revenues	2,745	4,900	—	7,645
Total revenues	152,705	46,961	—	199,666
Operating expenses:				
Cost of revenues:				
Asset-based	53,842	—	—	53,842
Subscription-based	2,008	5,669	—	7,677
Professional services and other	5	121	—	126
Total cost of revenues	55,855	5,790	—	61,645
Compensation and benefits	48,555	31,364	6,798	86,717
General and administration	20,184	9,485	10,855	40,524
Depreciation and amortization	11,267	8,250	—	19,517
Total operating expenses	$ 135,861	$ 54,889	$ 17,653	$ 208,403
Income (loss) from operations	$ 16,844	$ (7,928)	$ (17,653)	$ (8,737)
Add:				
Deferred revenue fair value adjustment [a]	6	—	—	6
Accretion on contingent consideration and purchase liability [b]	240	—	—	240
Depreciation and amortization	11,267	8,250	—	19,517
Non-cash compensation expense [c]	5,677	4,188	2,999	12,864
Restructuring charges and transaction costs [b]	262	965	6,139	7,366
Non-income tax expense adjustment [b]	200	10	—	210
Severance [c]	350	2,048	82	2,480
Loss attributable to non-controlling interest	31	—	—	31
Other	22	1	2	25
Adjusted EBITDA	$ 34,899	$ 7,534	$ (8,431)	$ 34,002

(a) Included within subscription-based revenues in the condensed consolidated statements of operations.
(b) Included within general and administrative expenses in the condensed consolidated statements of operations.
(c) Included within compensation and benefits in the condensed consolidated statements of operations.

Envestnet, Inc.
Historical Assets, Accounts and Advisors
(in millions, except accounts and advisors)
(unaudited)

	As of				
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
	(in millions, except accounts and advisors data)				
Platform Assets					
Assets under Management ("AUM")	$ 176,144	$ 182,143	$ 188,739	$ 207,083	$ 185,065
Assets under Administration ("AUA")	319,129	330,226	316,742	343,505	312,472
Total AUM/A	495,273	512,369	505,481	550,588	497,537
Subscription	2,546,483	2,835,780	2,947,582	3,205,281	2,875,394
Total Platform Assets	$ 3,041,756	$ 3,348,149	$ 3,453,063	$ 3,755,869	$ 3,372,931
Platform Accounts					
AUM	874,574	907,034	934,811	935,039	970,896
AUA	1,187,589	1,196,114	1,136,430	1,193,882	1,254,856
Total AUM/A	2,062,163	2,103,148	2,071,241	2,128,921	2,225,752
Subscription	8,909,581	9,492,653	9,692,714	9,793,175	10,090,172
Total Platform Accounts	10,971,744	11,595,801	11,763,955	11,922,096	12,315,924
Advisors					
AUM/A	39,035	39,727	39,735	40,563	40,971
Subscription	57,594	59,292	60,319	61,180	62,077
Total Advisors	96,629	99,019	100,054	101,743	103,048

The following table summarizes the changes in AUM and AUA for the three months ended March 31, 2020:

	12/312019	Gross Sales	Redemptions	Net Flows	Market Impact	Reclass to Subscription	3/31/2020
	(in millions except account data)						
AUM	$ 207,083	$ 20,986	$ (11,099)	$ 9,887	$ (31,905)	$ —	$ 185,065
AUA	343,505	39,934	(18,878)	21,056	(50,144)	(1,945)	312,472
Total AUM/A	$ 550,588	$ 60,920	$ (29,977)	$ 30,943	$ (82,049)	$ (1,945)	$ 497,537
Fee-Based Accounts	*2,128,921*			*117,673*		*(20,842)*	*2,225,752*

The above AUM/A gross sales figures include $20.1 billion in new client conversions. The Company onboarded an additional $25.0 billion in subscription conversions during the three months ended March 31, 2020, bringing total conversions for the quarter to $45.1 billion.

Asset and account figures in the "Reclass to Subscription" columns for the three months ended March 31, 2020 represent enterprise customers whose billing arrangements in future periods are subscription-based, rather than asset-based. Such amounts are included in Subscription metrics at the end of the quarter in which the reclassification occurred, with no impact on total platform assets or accounts.

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1Q 2020 Earnings

Supplemental Presentation

May 7, 2020

Safe Harbor Disclosure

This presentation contains forward-looking statements. These forward-looking statements include, in particular, statements about our plans, strategies and prospects. These statements are based on our current expectations and projections about future events. The words "may," "will," "should," "expect," "scheduled," "plan," "seek," "intend," "anticipate," "believe," "estimate," "aim," "potential" or "continue" or the negative of those terms or other similar expressions are intended to identify forward-looking statements and information. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. These forward-looking statements are based on assumptions and estimates by our management that, although we believe to be reasonable, are inherently uncertain and subject to risks and uncertainties that could cause actual results to differ from historical results or those anticipated or predicted by our forward-looking statements. These risks and uncertainties include those described in our filings with the SEC. In light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this presentation may not in fact occur.

We undertake no obligation to update or revise any forward-looking statement after the date of this presentation as a result of new information, future events or otherwise, except as required by law.

We qualify all of our forward-looking statements by these cautionary statements.

Non-GAAP Disclosure Statement

This presentation contains certain non-GAAP financial measures, including adjusted revenue, adjusted net revenue, adjusted EBITDA, adjusted net income and adjusted net income per share.

- "Adjusted revenues" excludes the effect of purchase accounting on the fair value of acquired deferred revenue. Under GAAP, we record at fair value the acquired deferred revenue for contracts in effect at the time the entities were acquired. Consequently, revenue related to acquired entities for periods subsequent to the acquisition does not reflect the full amount of revenue that would have been recorded by these entities had they remained stand-alone entities.

- "Adjusted net revenues" represents adjusted revenues less asset-based cost of revenues. Under GAAP, we are required to recognize as revenue certain fees paid to investment managers and other third parties needed for implementation of investment solutions included in our assets under management. Those fees also are required to be recorded as cost of revenues. This non-GAAP metric presents adjusted revenues without such fees included, as they have no impact on our profitability.

  Adjusted revenues and Adjusted net revenues have limitations as financial measures, should be considered as supplemental in nature and are not meant as a substitute for revenue prepared in accordance with GAAP.

- "Adjusted EBITDA" represents net loss before deferred revenue fair value adjustment, interest income, interest expense, accretion on contingent consideration and purchase liability, income tax provision (benefit), depreciation and amortization, non-cash compensation expense, restructuring charges and transaction costs, severance, litigation and regulatory related expenses, foreign currency, non-income tax expense adjustment, non-recurring gain, other items, loss allocation from equity method investment and (income) loss attributable to non-controlling interest."

- "Adjusted net income" represents net loss before deferred revenue fair value adjustment, accretion on contingent consideration and purchase liability, non-cash interest expense, non-cash compensation expense, restructuring charges and transaction costs, severance, amortization of acquired intangibles, litigation and regulatory related expenses, foreign currency, non-income tax expense adjustment, non-recurring gain, other items, loss allocation from equity method investment and (income) loss attributable to non-controlling interest. Reconciling items are presented gross of tax, and a normalized tax rate is applied to the total of all reconciling items to arrive at adjusted net income. The normalized tax rate is based solely on the estimated blended statutory income tax rates in the jurisdictions in which we operate. We monitor the normalized tax rate based on events or trends that could materially impact the rate, including tax legislation changes and changes in the geographic mix of our operations.

- "Adjusted net income per diluted share" represents adjusted net income divided by the diluted number of weighted-average shares outstanding.

This information is not calculated in accordance with GAAP and may be calculated differently than similar non-GAAP information for other companies. Quantitative reconciliations of our non-GAAP financial information to the most directly comparable GAAP information appear in the appendix of this presentation. Reconciliations are not provided for guidance on such measures as the Company is unable to predict the amounts to be adjusted, such as the GAAP tax provision. The Company's Non-GAAP Financial Measures should not be viewed as a substitute for revenues, net income or net income per share determined in accordance with GAAP.

Key Messages for Today

Envestnet is navigating very well through this unprecedented time

Our business remains strong

We believe Envestnet will emerge better positioned than ever before

Financial Wellness has never been more important

Response to COVID-19

The safety and health of our teams is a priority

Quickly enabled safe and productive remote access for employees

- Provided all employees with the necessities to work from home, including collaboration tools, cyber-secure environment, and equipment and supplies
- +99% working from home

While also supporting our employees

- Regular communications led by executive management and including guest speakers such as medical professionals
- Providing Health and Wellness resources and medical benefits, including costs of testing, hospitalizations and no member copays or deductibles related to COVID-19

And our communities

Our Corporate Social Responsibility* initiatives include

- Feeding America, a nationwide network of food banks feeding the hungry
- ENV Cares, our employee philanthropic initiative
- Digital financial resources such as complimentary access to MyBlocks and EVERFI through Envestnet Institute in Classrooms

And are planning to safely return to our offices

- Implementing location-specific back-to-office plans incorporating guidance from the CDC, OSHA and in consideration of local regulations and ordinances

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**For more information regarding our Corporate Social Responsibility please visit Envestnet.com/CSR*

Envestnet Demonstrates the Power of Technology and Supporting Record Volume

+428%
trade orders*

+78%
advisor service requests

+119%
documents posted to vault

+17%
consumer end users**

30 second
call hold time

+78%
client portal sessions

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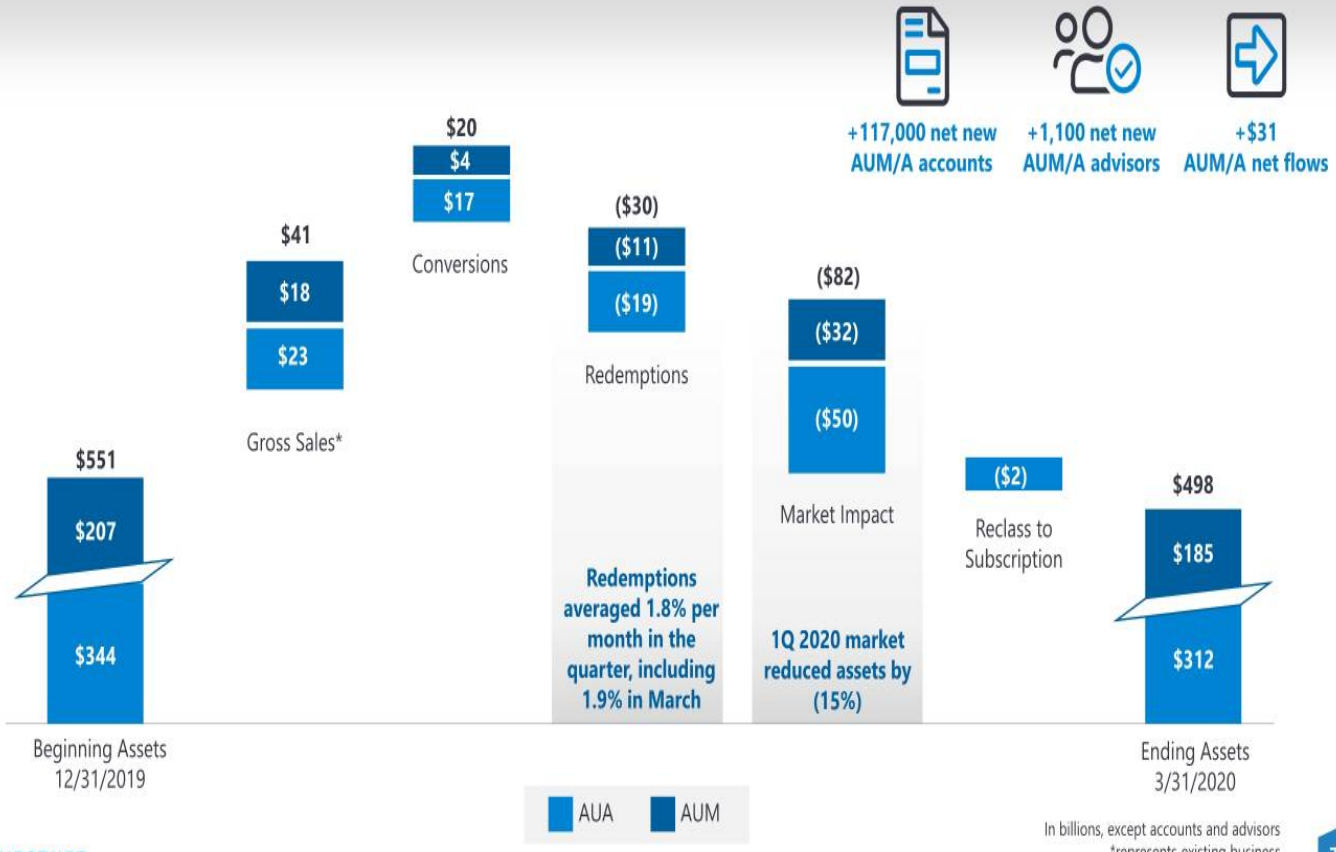
Trade orders, consumer end users, and advisor service requests represent March 2020 vs March 2019
Documents posted to vault and client portal session represent March 2020 vs October 2019

**Consumer end users represents paid users, which are defined as a user of an application or service provided to our customer using the Envestnet Data & Analytics platform whose status corresponds to a billable activity under the associated customer contract.

First Quarter Platform Activity



In billions, except accounts and advisors
*represents existing business
AUM/A metrics adjusted for reclass to subscription
Numbers may not sum due to rounding

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First Quarter 2020 Results

	1Q20 Outlook *Provided 2/20/20*	**1Q20 Results vs. Midpoint**	YoY Change (%)	Key Variance Drivers – Results vs. Outlook
Adjusted revenues[1]	$242.0-$244.0	**$247.0** +$4.0	+24%	• Outperformance in Data & Analytics subscription revenues
Adjusted net revenues[1]	$172.0-$174.5	**$178.4** +$5.2	+22%	• $4.0 Higher revenues • $1.2 Lower asset-based cost of revenues
Adjusted EBITDA[1]	$46.0-$47.0	**$54.6** +$8.1	+61%	• $5.2 Higher adjusted net revenues • $2.9 Lower operating expenses
Adjusted net income per diluted share[1]	$0.45	**$0.57** +$0.12	+46%	• ~$0.07 Adjusted net revenues • ~$0.03 Operating expenses • ~$0.01 Net cash interest expense • ~$0.01 Share count

In millions except for per share amounts

(1) Non-GAAP financial measure. Please see appendix for reconciliations to the most directly comparable GAAP information.

2020 Full Year Outlook

Key Components (in millions except adjusted EPS and tax rate)	**Initial FY20 Guidance** *(2/20/20)*	**Updated FY20 Guidance** *(5/7/20)*	**Updated midpoint vs. initial midpoint**	**Updated increase (decrease) vs. 2019**	**Primary Variance Drivers vs. Initial Guidance**
Adjusted revenues[1]	$1,018 - $1,028	**$940 - $946**	($80)	+3-4%	• 1Q market impact on asset-based revenues • Other updates based on current business environment
Asset-based cost of revenues	$292 - $294	**$257 - $262**	($34)	+5-7%	• 1Q market impact and lower manager fees
Adjusted net revenues[1]	$724 - $736	**$678 - $689**	($47)	+2-4%	• 1Q market impact net of manager fees
Adjusted EBITDA[1]	$220 - $224	**$200 - $203**	($21)	+3-5%	• Updated revenues partially mitigated by operating expense reductions
Adjusted net income per dilutes share[1]	$2.22 - $2.27	**$1.92 - $2.02**	($0.28)	(6-11%)	• Updated Adjusted EBITDA partially offset by lower share count
Normalized effective tax rate	25.5%	**25.5%**	n/a	n/a	• Unchanged
Diluted shares outstanding	55.6	**55.0**	(0.6)	+4%	• Lower ENV stock price

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(1) Non-GAAP financial measure. Please see appendix for reconciliations to the most directly comparable GAAP information.

Strong Balance Sheet and Liquidity

Capital Position as of March 31, 2020	
Cash and Cash Equivalents	$69M
Debt	
Revolving Line of Credit ($500M)	$290M drawn
Convertible Debt Maturing 2023	$345M
Net Leverage Ratio	**2.6x**
Annual cash interest expense	~$16M
Revolving Line of Credit	LIBOR + spread[1]
Convertible Debt	1.75% coupon

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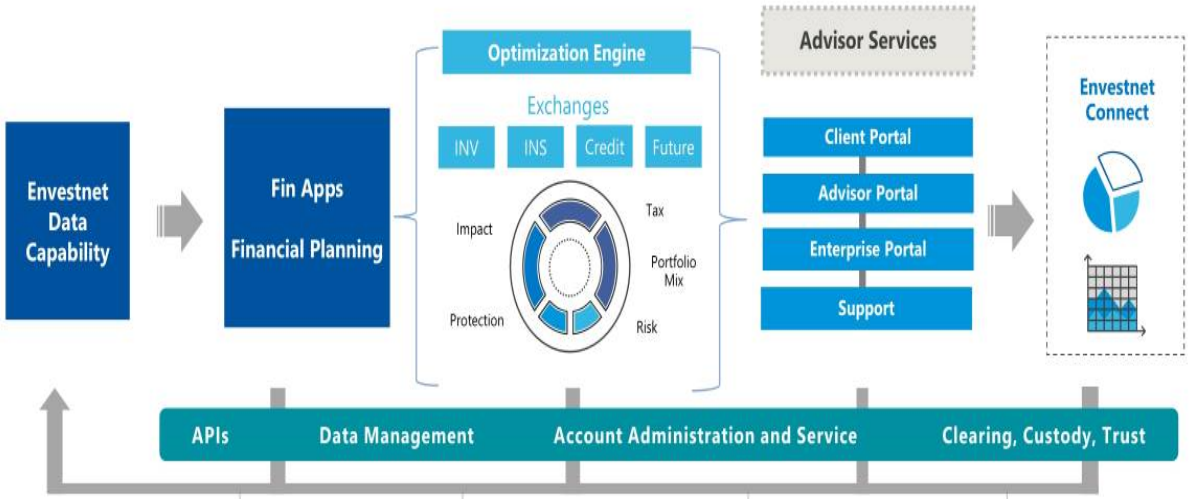
(1) LIBOR plus 225 basis points. based on current leverage ratio

Envestnet to Power the Next Phase of Advice

Themes driving change	Implications
A new level of trust and relevance are the currency of valued engagement	Transparency, authenticity and logic supported by predictive analytics will be the baseline for how a client values the information and advice provider they engage with
Redefining what it means to be prepared	Understanding the trade offs and "what-if" scenarios will be the underpinning of advancements and usage of planning
Digital becomes more "human"	Hybrid is the only engagement model and the "fidelity" will need to be the same across every medium
The fusion of health and wealth	Behavioral, holistic wellness across all assets and liabilities will be the mandate, supported by an integrated tech platform
Family and communities lead the way forward	The new mutuality, "we're all in this together" drives the connectedness and strength of communities
Creating a new playbook for a sustainable business	The need for scale (digitizing, analytics, outsourcing, and strategic partnerships) will be the focus over product selection

The Envestnet Vision: Deliver Financial Wellness for All Advisors and Clients by Integrating Technology, Data, and Solutions

Envestnet's Financial Wellness Network has Disrupted the Wealth Management Sector Successfully; Now Ready to Disrupt the Broader Financial Services Industry, Creating a Massive Opportunity



- ✓ Data Aggregation
- ✓ Data Intelligence
- ✓ Security
- ✓ Data Management Solutions
- ✓ Money Movement

- ✓ Digital Wealth Experience - Open APIs
- ✓ Digital / Mobile Client Experience
- ✓ Dynamic Configurations
- ✓ Predictive, Complete Financial Wellness Recommendations
- ✓ Financial Planning

- ✓ Marketplace of Exchanges
- ✓ Research and Consulting Services
- ✓ Portfolio Administration and Overlay Services
- ✓ Portfolio Management and Rebalancing
- ✓ Integrated Insurance Network
- ✓ Integrated Lending and Financing Solutions

- ✓ Highly Configurable
- ✓ Integrated Account Opening and Proposal
- ✓ Sophisticated Trading, Rebalancing
- ✓ Multi Custody Integration
- ✓ Compliance Oversight for Advisor / Sponsor
- ✓ Comprehensive and Flexible Billing

- ✓ Performance Reporting
- ✓ Comprehensive View Integrated Across the Full Solution Set
- ✓ Accurate, Reconciled Data
- ✓ Customized Reporting

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Appendix

Turning data into insights

Envestnet | Yodlee COVID-19 Income and Spending Trends

See key spending and income trends for Americans and their families.

In addition to the significant public health impacts of the COVID-19 pandemic, the virus has had a profound effect on the financial security of many Americans. Amidst an uncertain economic environment, consumer financial behavior has changed drastically and policymakers, eager to provide vital economic assistance to those who need it most, may not have access to critically-important data that can help inform their actions. Envestnet | Yodlee COVID-19 Income and Spending Trends provides insight into how the current environment is financially impacting Americans.

Insights and analytics can be a very powerful tool in decision-making for businesses, individuals and the government to make informed decisions toward helping us all navigate through this crisis.

SPENDING TRENDS | INCOME TRENDS | REQUEST INSIGHTS | FAQS | RELATED BLOGS

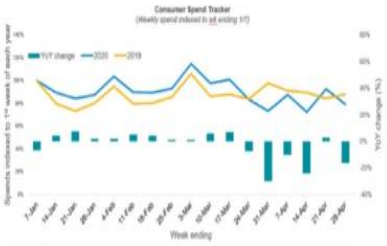
Key Insights

Discretionary Spend in 2020 vs 2019

Discretionary spend modulates, with a 16% decline the week of 4/28

- Overall discretionary spend in 2020 started to diverge from 2019 in the week ending 3/17
- Spend ticked up by 3% YoY during the week ending 4/21, but declined by 16% for the most recent week ending 4/28
- Food/staples spend spiked the week ending 3/17, whereas most other spend declined heavily at the time
- Spend continues to peak and ebb, though the rate of decline has slowed down

See More Reports →



* Note: This includes spend on industry groups food & staples/retailing/ communication/ entertainment/ travel and consumer devices; it excludes committed expenses such as rent, mortgage, loan repayments

MAY 4, 2020 | ADVISOR INSIGHTS

Advisor Insights Weekly Updates: April 27-May 4

Bottom Line

Is this the new normal? The past several weeks have seen a consistent set of data trends. When comparing this period to the previous 18 months, we see, overall transaction activity leveled off at roughly twice the historical levels, adjustments to clients investment objectives at roughly 45% higher, client activity back to normal, and net flows in and out of more risky and less risky investment vehicles is near zero, or flat.

Summary

Advisors left cash at 6.3% last week, still roughly two times the average, but roughly flat since early April. Advisors are slightly bearish on less risky assets, with modest net redemptions, while neutral on more risky assets as seen in zero net flows. There were no significant changes in client activity last week. Clients continue to take slightly more out of their accounts than they are putting in. We saw strong buying of fixed income mutual fund and ETF styles last week. Coupled with modest net redemptions when including individual securities, suggest possible tax loss harvesting in fixed income portfolios, OR advisors favoring commingled fixed income vehicles over individual securities. In equities, we continue to see a strong bias towards growth over value styles.

Key Insights

- Transaction volumes remained steady at nearly double the 18 month trend.
- Advisors were slightly bearish on less risky assets last week, with net redemptions in less risky assets and net flat in more risky assets. We define this as slightly "risk on" positioning.
- Fixed income fund and ETF styles saw strong net inflows last week, including Intermediate, Short Term, Long Term and High Yield Bond styles. Large Cap Growth and Foreign Large Cap Growth are attracting inflows, while most value styles are seeing significant outflows.
- We look at the number of client risk tolerance changes as a proxy for how advisor and clients are engaging around risk conversations. The number of changes this week was down 5% compared to previous week but still 43% higher than the normal number of changes. Advisors are actively modifying client's expectations around risk and return, although the rate of changes is slowly returning to a normal rate.
- Cash in advised portfolios is running at about 6.3% up from 6.1%. We believe this was due to a slight net outflow in fixed income securities.
- Client contributions and withdrawals in their investment accounts is running slightly higher over the past 3 weeks when compared to the past 18 months. The net withdrawal from investment accounts increased slightly last week.
- Last week, the number of new clients added and clients lost was in line with the past 18 months. We believe this data supports the theory that clients are finding comfort in advisors calm advice in this crisis.

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Further information available at
https://www.yodlee.com/data-analytics/covid-19-trends
https://envestnet.blog/

Stronger Position now than during Global Financial Crisis

Operating Metrics

(2008-2009)*

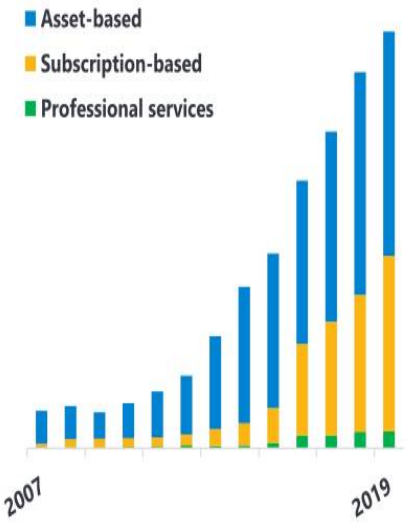
+$13B
Net Flows

+60,000
Net New Accounts

+1,200
Net New Advisors

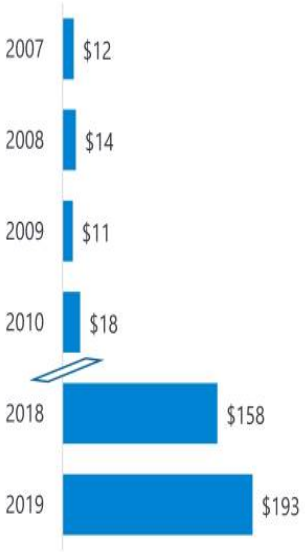
Key Operating metrics were positive throughout the GFC

Diversified Revenue



As a percentage of total revenues, subscription-based recurring revenues have increased from 9% in 2007 to 42% in 2019

Adjusted EBITDA(1)



We are more profitable today

*Metrics for AUM/A for calendar 2008 and 2009

(1) In millions. Non-GAAP financial measure Please see appendix for reconciliations to the most directly comparable GAAP information.

Illustrative Market Impact

Assuming +/-10% market change

Asset-based revenues

~$32M

Cost of revenues

~$16M

Adjusted EBITDA[1] unmitigated

~$16M

Management has visibility into expected performance allowing operating decisions that may impact hiring plans, variable compensation and other spending initiatives.

(1) Non-GAAP financial measure. Please see appendix for reconciliations to the most directly comparable GAAP information.
Amounts represent annualized impact applicable to subsequent quarter following assumed market change. Amounts based off of 1Q2020 actual revenue.
See additional information on slide 17 which provides calculations and other statements.

Illustrative Market Impact Calculations

Illustrative Market Impact Model	Assumptions		
Total revenue	1Q20 revenue, annualized	$986	
x % asset-based	~55% of total revenue	55%	
x % exposure to equities	Approximate 60% equity allocation	60%	
x % market change	Assuming 10% equity market decline	-10%	
= revenue impact		($33)	3-4% impact on total revenue
- impact on asset-based cost of revenue	Currently 51% of asset-based revenue	($16)	
= impact on adjusted EBITDA[1]	Unmitigated impact	($16)	7-8% impact on adjusted EBITDA

(in $millions)

- Given Envestnet's high degree of subscription-based revenue and limited exposure to equity markets, a 10% equity market decline would have a 3-4% impact on our revenue.
- Approximately 90% of our asset-based revenue is billed quarterly, in advance. As such, the majority of any market impact would be seen in future quarters. Example: March 31 asset values drive our second quarter asset-based revenue.
- Approximately half of our asset-based revenue is paid to third party managers and strategists. This naturally reduces the impact on our profit from a market decline. In the above scenario, a 10% equity market decline would have a 7-8% impact on our adjusted EBITDA.
- This represents the unmitigated impact. Depending on the severity of the impact, management may choose to offset a portion of this impact through lower variable compensation, and changing its discretionary hiring and spending plans.

(1) Non-GAAP financial measure. Please see appendix for reconciliations to the most directly comparable GAAP information.

Outlook Table

The Company provided the following outlook for the second quarter ending June 30, 2020 and full year ending December 31, 2020. This outlook is based on the market value of assets on March 31, 2020. We caution that we cannot predict the market value of our assets on any future date and, in particular, in light of recent market volatility. See "Cautionary Statement Regarding Forward-Looking Statements."

In Millions Except Adjusted EPS	2Q 2020			FY 2020		
GAAP:						
Revenues:						
Asset-based	$ 116.0	-	$ 116.5			
Subscription-based	103.4	-	103.9			
Total recurring revenues	$ 219.4	-	$ 220.4			
Professional services and other revenues	6.5	-	7.0			
Total revenues	$ 225.9	-	$ 227.4	$ 939.5	-	$ 945.5
Asset-based cost of revenues	$ 60.5	-	$ 61.0	$ 257.0	-	$ 262.0
Total cost of revenues	$ 68.0	-	$ 68.5			
Net income	(a)	-	(a)	(a)	-	(a)
Diluted shares outstanding		55.0			55.0	
Net income per diluted share	(a)	-	(a)	(a)	-	(a)
Non-GAAP:						
Adjusted revenues [1]:						
Asset-based	$ 116.0	-	$ 116.5			
Subscription-based	103.5	-	104.0			
Total recurring revenues	$ 219.5	-	$ 220.5			
Professional services and other revenues	6.5	-	7.0			
Total revenues	$ 226.0	-	$ 227.5	$ 940.0	-	$ 946.0
Adjusted net revenues [1]	$ 165.0	-	$ 167.0	$ 678.0	-	$ 689.0
Adjusted EBITDA[1]	$ 47.5	-	$ 48.5	$ 200.0	-	$ 203.0
Adjusted net income per diluted share[1]		$ 0.47		$ 1.92	-	$ 2.02

(a) The Company does not forecast net income and net income per diluted share due to the unpredictable nature of various items adjusted for non-GAAP disclosure purposes, including the periodic GAAP income tax provision.

(1) Non-GAAP financial measure. Please see slide 3.

Reconciliation of Non-GAAP Financial Measures

(in thousands) (unaudited)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Total revenues	$ 246,539	$ 199,666
Deferred revenue fair value adjustment	439	6
Adjusted revenues	246,978	199,672
Asset-based cost of revenues	(68,592)	(53,842)
Adjusted net revenues	$ 178,386	$ 145,830
Net loss	$ (7,190)	$ (18,268)
Add (deduct):		
Deferred revenue fair value adjustment	439	6
Interest income	(391)	(1,510)
Interest expense	7,134	7,096
Accretion on contingent consideration and purchase liability	599	240
Income tax provision (benefit)	(1,964)	3,768
Depreciation and amortization	27,683	19,517
Non-cash compensation expense	13,470	12,864
Restructuring charges and transaction costs	2,820	7,366
Severance	13,982	2,480
Non-recurring litigation and regulatory related expenses	703	—
Foreign currency	(494)	(1)
Non-income tax expense adjustment	188	210
Non-recurring gain	(4,230)	—
Loss allocation from equity method investment	2,030	203
(Income) loss attributable to non-controlling interest	(201)	31
Adjusted EBITDA	$ 54,578	$ 34,002

Reconciliation of Non-GAAP Financial Measures

(in thousands, except share and per share information) (unaudited)	Three Months Ended March 31, 2020	2019
Net loss	$ (7,190)	$ (18,268)
Income tax provision (benefit)	(1,964)	3,768
Loss before income tax provision (benefit)	(9,154)	(14,500)
Add (deduct):		
Deferred revenue fair value adjustment	439	6
Accretion on contingent consideration and purchase liability	599	240
Non-cash interest expense	2,962	4,616
Non-cash compensation expense	13,470	12,864
Restructuring charges and transaction costs	2,820	7,366
Severance	13,982	2,480
Amortization of acquired intangibles	18,758	12,528
Non-recurring litigation and regulatory related expenses	703	—
Foreign currency	(494)	(1)
Non-income tax expense adjustment	188	210
Non-recurring gain	(4,230)	—
Loss allocation from equity method investment	2,030	203
(Income) loss attributable to non-controlling interest	(201)	31
Adjusted net income before income tax effect	41,872	26,043
Income tax effect	(10,670)	(6,632)
Adjusted net income	$ 31,202	$ 19,411
Basic number of weighted-average shares outstanding	53,016,511	48,237,265
Effect of dilutive shares:		
Options to purchase common stock	664,796	1,198,197
Unvested restricted stock units	600,567	656,798
Convertible notes	235,182	—
Warrants	42,551	—
Diluted number of weighted-average shares outstanding	54,559,607	50,092,260
Adjusted net income per share – diluted	$ 0.57	$ 0.39

Reconciliation of Non-GAAP Financial Measures

(in millions, except share and per share information) (unaudited)	Year ended December 31,												
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net income (loss)	23.94	5.26	(0.87)	(0.63)	7.61	0.47	3.66	13.98	4.44	(55.57)	(3.28)	4.01	(17.20)
Accretion on contingent consideration and purchase liability	-	-	-	-	-	-	-	-	0.89	0.15	0.51	0.22	1.77
Bad debt expense	-	-	0.38	2.67	-	-	-	-	-	-	-	-	-
Contract settlement charges	-	-	-	-	1.18	-	-	-	-	-	-	-	-
Customer inducement costs	-	-	0.02	3.24	4.57	-	-	-	-	-	-	-	-
Deferred revenue fair value adjustment	-	-	-	-	-	1.25	0.16	-	0.32	1.27	0.13	0.12	9.27
Depreciation and amortization	2.92	3.54	4.50	5.70	6.38	12.40	15.33	18.65	27.96	64.00	62.82	77.63	101.27
Fair market value adjustment on contingent consideration liability	-	-	-	-	-	-	0.50	(1.43)	(4.15)	1.59	-	-	(8.13)
Foreign currency	-	-	-	-	-	-	-	-	-	(0.72)	0.49	(0.59)	(0.07)
Impairment of customer inducement assets	-	-	-	-	0.17	-	-	-	-	-	-	-	-
Impairment of equity method investment	-	-	-	-	-	-	-	-	-	0.73	-	-	-
Impairment on investments	-	0.68	3.60	-	-	-	-	-	-	-	-	-	-
Imputed interest expense on contingent consideration	-	-	-	-	-	-	0.79	1.47	-	-	-	-	-
Income tax provision (benefit)	(14.15)	4.61	1.81	1.53	2.98	2.60	2.05	8.53	4.55	15.08	1.59	(13.17)	(30.89)
Interest expense	-	-	-	0.56	0.79	-	-	0.63	10.27	16.60	16.35	25.20	32.52
Interest income	(1.15)	(0.81)	(0.22)	(0.15)	(0.08)	(0.03)	(0.02)	(0.14)	(0.34)	(0.04)	(0.20)	(2.36)	(3.35)
Litigation related expense	-	-	0.60	1.93	0.13	0.27	0.01	0.02	0.07	5.59	1.03	-	2.88
Loss allocation from equity method investment	-	-	-	-	-	-	-	-	-	1.42	1.47	1.15	2.36
Loss attributable to non-controlling interest	-	-	-	-	-	-	-	1.23	1.64	1.08	0.32	1.79	0.11
Non-cash compensation expense	-	0.45	0.78	1.73	3.06	4.04	8.92	11.42	15.16	33.28	31.33	40.25	60.44
Non-income tax expense adjustment	-	-	-	-	-	-	-	-	-	6.23	0.35	(0.59)	0.37
Other	-	-	-	-	(1.10)	-	-	(1.83)	0.07	(1.38)	-	-	-
Re-audit related expenses	-	-	-	-	-	-	3.11	-	-	-	-	-	-
Restructuring charges and transaction costs	-	-	-	0.86	1.05	2.72	3.30	2.67	13.50	5.78	13.67	15.58	26.56
Severance	-	-	-	0.67	0.70	0.28	0.79	0.74	1.70	4.34	2.32	8.32	15.37
Adjusted EBITDA	**11.56**	**13.73**	**10.60**	**18.11**	**27.44**	**23.99**	**38.59**	**55.94**	**76.07**	**99.44**	**128.89**	**157.55**	**193.29**

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Note: Numbers may not sum due to rounding.

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