

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2021

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

Commission file number 001-34835



Envestnet, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

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

20-1409613

(I.R.S. Employer  
Identification No.)

60601

(Zip Code)

Registrant's telephone number, including area code:  
(312) 827-2800

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of April 30, 2021, Envestnet, Inc. had 54,422,622 shares of common stock outstanding.

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**Envestnet, Inc.**  
**Condensed Consolidated Balance Sheets**  
(in thousands, except share and per share information)  
(unaudited)

	March 31, 2021	December 31, 2020
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 371,977	\$ 384,565
Fees receivable, net	79,293	80,064
Prepaid expenses and other current assets	37,751	40,570
Total current assets	489,021	505,199
Property and equipment, net	51,077	47,969
Internally developed software, net	105,288	96,501
Intangible assets, net	443,023	435,041
Goodwill	906,756	906,773
Operating lease right-of-use assets, net	99,231	105,249
Other non-current assets	48,592	47,558
Total assets	\$ 2,142,988	\$ 2,144,290
<b>Liabilities and Equity</b>		
<b>Current liabilities:</b>		
Accrued expenses and other liabilities	\$ 136,417	\$ 158,548
Accounts payable	24,567	18,003
Operating lease liabilities	13,270	13,649
Contingent consideration	11,746	11,251
Deferred revenue	42,921	34,918
Total current liabilities	228,921	236,369
Long-term debt	845,195	756,503
Non-current operating lease liabilities	109,458	112,182
Deferred tax liabilities, net	23,042	34,740
Other non-current liabilities	22,643	28,678
Total liabilities	1,229,259	1,168,472
<b>Commitments and contingencies</b>		
<b>Equity:</b>		
Stockholders' equity:		
Preferred stock, par value \$0.005, 50,000,000 shares authorized; no shares issued and outstanding as of March 31, 2021 and December 31, 2020	—	—
Common stock, par value \$0.005, 500,000,000 shares authorized; 68,315,098 and 67,832,706 shares issued as of March 31, 2021 and December 31, 2020, respectively; 54,404,659 and 54,093,535 shares outstanding as of March 31, 2021 and December 31, 2020, respectively	341	339
Additional paid-in capital	1,072,839	1,166,774
Accumulated deficit	(36,338)	(79,912)
Treasury stock at cost, 13,910,439 and 13,739,171 shares as of March 31, 2021 and December 31, 2020, respectively	(121,679)	(110,466)
Accumulated other comprehensive loss	(1,022)	(398)
Total stockholders' equity	914,141	976,337
Non-controlling interest	(412)	(519)
Total equity	913,729	975,818
Total liabilities and equity	\$ 2,142,988	\$ 2,144,290

*See accompanying notes to unaudited Condensed Consolidated Financial Statements.*

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

	Three Months Ended	
	2021	2020
<b>Revenues:</b>		
Asset-based	\$ 159,375	\$ 134,811
Subscription-based	109,829	104,551
Total recurring revenues	269,204	239,362
Professional services and other revenues	5,901	7,177
Total revenues	275,105	246,539
<b>Operating expenses:</b>		
Cost of revenues	92,869	74,933
Compensation and benefits	100,714	110,430
General and administration	36,315	41,110
Depreciation and amortization	28,392	27,683
Total operating expenses	258,290	254,156
Income (loss) from operations	16,815	(7,617)
Other expense, net	(7,468)	(1,537)
Income (loss) before income tax benefit	9,347	(9,154)
Income tax benefit	(5,588)	(1,964)
Net income (loss)	14,935	(7,190)
Add: Net (income) loss attributable to non-controlling interest	11	(146)
Net income (loss) attributable to Envestnet, Inc.	\$ 14,946	\$ (7,336)
<b>Net income (loss) per share attributable to Envestnet, Inc.:</b>		
Basic	\$ 0.28	\$ (0.14)
Diluted	\$ 0.27	\$ (0.14)
<b>Weighted average common shares outstanding:</b>		
Basic	54,208,469	53,016,511
Diluted	59,917,648	53,016,511

*See accompanying notes to unaudited Condensed Consolidated Financial Statements.*

**Envestnet, Inc.**  
**Condensed Consolidated Statements of Comprehensive Income (Loss)**  
**(in thousands)**  
**(unaudited)**

	Three Months Ended	
	March 31,	
	2021	2020
Net income (loss) attributable to Envestnet, Inc.	\$ 14,946	\$ (7,336)
Foreign currency translation losses, net of taxes	(624)	(3,024)
Comprehensive income (loss) attributable to Envestnet, Inc.	<u>\$ 14,322</u>	<u>\$ (10,360)</u>

*See accompanying notes to unaudited Condensed Consolidated Financial Statements.*

**Envestnet, Inc.**  
**Condensed Consolidated Statements of Stockholders' Equity**  
(in thousands, except share information)  
(unaudited)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Non- controlling Interest	Total Equity
	Shares	Amount	Common Shares	Amount					
Balance, December 31, 2020	67,832,706	\$ 339	(13,739,171)	\$ (110,466)	\$ 1,166,774	\$ (398)	\$ (79,912)	\$ (519)	\$ 975,818
Adoption of ASU 2020-06, net of taxes of \$7,641 (See Note 2)	—	—	—	—	(108,470)	—	28,628	—	\$ (79,842)
Exercise of stock options	27,043	—	—	—	522	—	—	—	522
Issuance of common stock - vesting of restricted stock units	455,349	2	—	—	—	—	—	—	2
Stock-based compensation expense	—	—	—	—	14,013	—	—	—	14,013
Shares withheld to satisfy tax withholdings	—	—	(147,041)	(9,541)	—	—	—	—	(9,541)
Share repurchase	—	—	(24,227)	(1,672)	—	—	—	—	(1,672)
Foreign currency translation loss, net of taxes	—	—	—	—	—	(624)	—	—	(624)
Other	—	—	—	—	—	—	—	118	118
Net income (loss)	—	—	—	—	—	—	14,946	(11)	14,935
Balance, March 31, 2021	68,315,098	\$ 341	(13,910,439)	\$ (121,679)	\$ 1,072,839	\$ (1,022)	\$ (36,338)	\$ (412)	\$ 913,729
Balance, December 31, 2019	66,320,706	\$ 331	(13,479,000)	\$ (90,965)	\$ 1,037,141	\$ (1,749)	\$ (75,664)	\$ (1,518)	\$ 867,576
Adoption of ASC 326, net of taxes	—	—	—	—	—	—	(1,141)	—	(1,141)
Exercise of stock options	357,974	2	—	—	3,406	—	—	—	3,408
Issuance of common stock - vesting of restricted stock units	398,881	2	—	—	—	—	—	—	2
Stock-based compensation expense	—	—	—	—	13,765	—	—	—	13,765
Shares withheld to satisfy tax withholdings	—	—	(130,164)	(9,199)	—	—	—	—	(9,199)
Foreign currency translation loss, net of taxes	—	—	—	—	—	(3,024)	—	—	(3,024)
Net income (loss)	—	—	—	—	—	—	(7,336)	146	(7,190)
Balance, March 31, 2020	67,077,561	\$ 335	(13,609,164)	\$ (100,164)	\$ 1,054,312	\$ (4,773)	\$ (84,141)	\$ (1,372)	\$ 864,197

*See accompanying notes to unaudited Condensed Consolidated Financial Statements.*

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

	Three Months Ended	
	2021	2020
<b>March 31,</b>		
<b>OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 14,935	\$ (7,190)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	28,392	27,683
Provision for doubtful accounts	298	1,026
Deferred income taxes	(3,581)	(1,587)
Non-cash compensation expense	14,137	15,985
Non-cash interest expense	2,015	4,463
Accretion on contingent consideration and purchase liability	388	599
Fair market value adjustment to contingent consideration liability	(140)	—
Gain on acquisition of equity method investment	—	(4,230)
Loss allocation from equity method investments	3,288	2,030
Other	165	—
Changes in operating assets and liabilities, net of acquisitions:		
Fees receivable, net	473	(14,333)
Prepaid expenses and other current assets	1,756	(6,793)
Other non-current assets	3,093	641
Accrued expenses and other liabilities	(28,668)	(11,554)
Accounts payable	6,444	(3,205)
Deferred revenue	7,882	5,598
Other non-current liabilities	(1,068)	(145)
Net cash provided by operating activities	<u>49,809</u>	<u>8,988</u>
<b>INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(7,062)	(2,160)
Capitalization of internally developed software	(15,058)	(11,572)
Investments in private companies	(2,538)	(11,700)
Acquisition of proprietary technology	(25,517)	—
Acquisitions of businesses, net of cash acquired	—	(20,257)
Net cash used in investing activities	<u>(50,175)</u>	<u>(45,689)</u>

-continued-

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

	Three Months Ended March 31,	
	2021	2020
<b>FINANCING ACTIVITIES:</b>		
Proceeds from borrowings on revolving credit facility	—	45,000
Payments on revolving credit facility	—	(15,000)
Payments of contingent consideration	(1,000)	—
Proceeds from exercise of stock options	522	3,408
Taxes paid in lieu of shares issued for stock-based compensation	(9,541)	(9,199)
Share repurchase	(1,672)	—
Other	(479)	2
Net cash (used in) provided by financing activities	(12,170)	24,211
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	(52)	(1,496)
<b>DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	(12,588)	(13,986)
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD</b>	384,714	82,755
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD</b> (See Note 2)	\$ 372,126	\$ 68,769
Supplemental disclosure of cash flow information - net cash paid during the period for income taxes	\$ 1,879	\$ 814
Supplemental disclosure of cash flow information - cash paid during the period for interest	2,200	2,740
<b>Supplemental disclosure of non-cash operating, investing and financing activities:</b>		
Contingent consideration issued in acquisition of businesses	—	5,239
Purchase liabilities included in accrued expenses and other liabilities	—	375
Purchase liabilities included in other non-current liabilities	—	257
Purchase of fixed assets included in accounts payable and accrued expenses and other liabilities	1,129	1,752
Membership interest liabilities included in other non-current liabilities	124	2,220
Leasehold improvements funded by lease incentive	127	894

*See accompanying notes to unaudited Condensed Consolidated Financial Statements.*



**1. Organization and Description of Business**

Investnet, Inc. ("Investnet") through its subsidiaries (collectively, the "Company") is transforming the way financial advice and wellness are delivered. Its mission is to empower advisors and financial service providers with innovative technology, solutions and intelligence to make financial wellness a reality for everyone. Through a combination of platform enhancements, partnerships and acquisitions, Investnet provides a unique financial network connecting technology, solutions and data, delivering better intelligence and enabling its customers to drive better outcomes.

Investnet is organized around two primary, complementary business segments. Financial information about each business segment is contained in "Note 14—Segment Information" to the condensed consolidated financial statements.

**2. Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements of the Company as of March 31, 2021 and for the three months ended March 31, 2021 and 2020 have not been audited by an independent registered public accounting firm. These unaudited condensed consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements for the year ended December 31, 2020 and reflect all normal recurring adjustments which are, in the opinion of management, necessary to present fairly the Company's financial position as of March 31, 2021 and the results of operations, equity, comprehensive income (loss) and cash flows for the periods presented herein. The unaudited condensed consolidated financial statements include the accounts of the Company. All significant intercompany transactions and balances have been eliminated in consolidation. Accounts for the Investnet Wealth Solutions segment that are denominated in a non-U.S. currency have been re-measured using the U.S. dollar as the functional currency. Certain accounts within the Investnet Data & Analytics segment are recorded and measured in foreign currencies. The assets and liabilities for those subsidiaries with a functional currency other than the U.S. dollar are translated at exchange rates in effect at the balance sheet date, and revenues and expenses are translated at average exchange rates. Differences arising from these foreign currency translations are recorded in the unaudited condensed consolidated balance sheets as accumulated other comprehensive income (loss) within stockholders' equity. The Company is also subject to gains and losses from foreign currency denominated transactions and the remeasurement of foreign currency denominated balance sheet accounts, both of which are included in other expense, net in the condensed consolidated statements of operations.

The results of operations for the three months ended March 31, 2021 are not necessarily indicative of the operating results to be expected for other interim periods or for the full fiscal year.

The unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") have been condensed or omitted pursuant to such rules and regulations. References to GAAP in these notes are to the Financial Accounting Standards Board ("FASB") *Accounting Standards Codification*<sup>™</sup>, sometimes referred to as the codification or "ASC." These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 26, 2021.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

Envestnet, Inc.  
Notes to Unaudited Condensed Consolidated Financial Statements (continued)

The following table reconciles cash, cash equivalents and restricted cash from the condensed consolidated balance sheets to amounts reported within the condensed consolidated statements of cash flows:

	March 31, 2021	March 31, 2020
	(in thousands)	
Cash and cash equivalents	\$ 371,977	\$ 68,601
Restricted cash included in other non-current assets	149	168
<b>Total cash, cash equivalents and restricted cash</b>	<b>\$ 372,126</b>	<b>\$ 68,769</b>

**Financial Impacts Related To COVID-19**

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a global pandemic. This outbreak continues to cause major disruptions to businesses and markets worldwide as the virus spreads. The extent of the effect on the Company's operational and financial performance will continue to depend on future developments, including the duration, spread and intensity of the pandemic, and governmental, regulatory and private sector responses, all of which are uncertain and difficult to predict. Although the Company is unable to estimate the overall financial effect of the pandemic at this time, as the pandemic continues, it could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows. As of March 31, 2021, these condensed consolidated financial statements do not reflect any adjustments as a result of the pandemic.

**Related Party Transactions**

The Company has a 4.3% membership interest in a private services company that it accounts for using the equity method of accounting and is considered to be a related party. Revenues from the private services company totaled \$8 million and \$2.7 million in the three months ended March 31, 2021 and 2020, respectively. As of March 31, 2021 and December 31, 2020, the Company had recorded a net receivable of \$2.6 million and \$2.1 million, respectively, from the private services company.

**Recent Accounting Pronouncements**

**Recently Adopted Accounting Pronouncements**—In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." This update aims to reduce complexity within the accounting for income taxes as part of the simplification initiative. This standard is effective for financial statements issued by public companies for annual and interim periods beginning after December 15, 2020. These changes became effective for the Company's fiscal year beginning January 1, 2021. This standard will be applied prospectively. Adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity." This update simplifies the accounting for certain convertible instruments by reducing the number of accounting models available for convertible debt instruments and revises Topic 815-40, which provides guidance on how an entity must determine whether a contract qualifies for a scope exception from derivative accounting. Under the new guidance, the embedded conversion features are no longer separated from the host contract for convertible instruments with conversion features that are not required to be accounted for as derivatives under Topic 815, or that do not result in substantial premiums accounted for as paid-in capital. The convertible debt instruments will be accounted for as a single liability measured at amortized cost. In addition, the new guidance requires the if-converted method to be applied for all convertible instruments. This standard is effective for financial statements issued by public companies for annual and interim periods beginning after December 15, 2021. Early adoption of the standard is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Adoption of the standard requires using either a modified retrospective or a full retrospective approach.

The Company has early adopted this standard as of January 1, 2021 using the modified retrospective approach. Adoption of this standard resulted in a decrease to accumulated deficit of \$8.6 million (net of \$0.9 million in taxes), a decrease to paid-in capital of \$108.5 million (net of \$6.7 million in taxes) and an increase to Convertible Notes of \$87.5 million. Interest

**Envestnet, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

expense recognized in future periods is expected to be reduced as a result of accounting for the convertible debt instrument as a single liability measured at its amortized cost, with an expected decrease of approximately \$2.1 million in 2021 as a result of the adoption. The adoption of ASU 2020-06 had no impact on the Company's consolidated statements of cash flows.

**3. Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets consisted of the following:

	March 31, 2021	December 31, 2020
	(in thousands)	
Prepaid technology	\$ 16,162	\$ 13,165
Non-income tax receivables	7,259	6,571
Prepaid insurance	2,069	1,777
Advance payroll taxes and benefits	995	6,429
Income tax prepayments and receivables	3,087	1,684
Other	8,179	10,944
<b>Total prepaid expenses and other current assets</b>	<b>\$ 37,751</b>	<b>\$ 40,570</b>

**4. Property and Equipment, Net**

Property and equipment, net consisted of the following:

	Estimated Useful Life	March 31, 2021	December 31, 2020
		(in thousands)	
<b>Cost:</b>			
Computer equipment and software	3 years	\$ 73,176	\$ 72,443
Leasehold improvements	Shorter of the lease term or useful life of the asset	41,925	37,671
Office furniture and fixtures	3-7 years	12,180	11,249
Office equipment and other	3-5 years	6,858	7,151
Building and building improvements	7-39 years	2,669	2,669
Land	Not applicable	940	940
		137,748	132,123
<b>Less: accumulated depreciation and amortization</b>		<b>(86,671)</b>	<b>(84,154)</b>
<b>Total property and equipment, net</b>		<b>\$ 51,077</b>	<b>\$ 47,969</b>

During the three months ended March 31, 2021, the Company retired property and equipment that was no longer in service for the Envestnet Wealth Solutions segment with an historical cost of \$3.7 million. During the three months ended March 31, 2021, the Company retired property and equipment that was no longer in service for the Envestnet Data & Analytics segment with an historical cost of \$0.4 million.

During the three months ended March 31, 2020, the Company retired an immaterial amount of property and equipment that was no longer in service.

Gains and losses on asset retirements during the three months ended March 31, 2021 and 2020 were not material.

Depreciation and amortization expense was as follows:

	Three Months Ended March 31,	
	2021	2020
	(in thousands)	
Depreciation and amortization expense	\$ 5,643	\$ 5,317

**5. Internally Developed Software**

Internally developed software, net consisted of the following:

	Estimated Useful Life	March 31, 2021		December 31, 2020	
		(in thousands)			
Internally developed software	5 years	\$	174,677	\$	159,619
Less: accumulated amortization			(69,389)		(63,118)
Internally developed software, net		\$	105,288	\$	96,501

Amortization expense was as follows:

	Three Months Ended March 31,	
	2021	2020
(in thousands)		
Amortization expense	\$ 6,271	\$ 3,608

**6. Intangible Assets, Net**

Intangible assets, net consisted of the following:

	March 31, 2021			December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
(in thousands)						
Customer lists	\$ 591,520	\$ (210,466)	\$ 381,054	\$ 591,520	\$ (198,555)	\$ 392,965
Proprietary technologies	78,424	(29,334)	49,090	54,914	(26,949)	27,965
Trade names	33,700	(20,821)	12,879	33,700	(19,589)	14,111
Total intangible assets	\$ 703,644	\$ (260,621)	\$ 443,023	\$ 680,134	\$ (245,093)	\$ 435,041

There were no material retirements of intangible assets during the three months ended March 31, 2021 and 2020.

Amortization expense was as follows:

	Three Months Ended March 31,	
	2021	2020
(in thousands)		
Amortization expense	\$ 16,478	\$ 18,758

**Acquisition of Proprietary Technology**

The Company previously owned approximately 29% of the outstanding units in a privately held company and accounted for it as an equity method investment. On March 11, 2021, the Company entered into an intellectual property purchase agreement with this privately held company to acquire all of the proprietary technology developed by the privately held company for approximately \$35.5 million. Concurrent with the intellectual property purchase agreement, the Company also entered into a redemption agreement with the same privately held company to redeem its previously held equity interest for approximately \$10.0 million. The Company accounted for these two arrangements as a single unit of account. As of the acquisition date, the net cost of the proprietary technology acquired, including capitalized transaction costs, was approximately \$24.5 million, which will be amortized over a five-year period on a straight-line basis. The proprietary technology has been integrated into the Envestnet Wealth Solutions segment.

**7. Accrued Expenses and Other Liabilities**

Accrued expenses and other liabilities consisted of the following:

	March 31, 2021	December 31, 2020
	(in thousands)	
Accrued investment manager fees	\$ 66,314	\$ 57,894
Accrued compensation and related taxes	39,900	71,039
Non-income tax payables	6,400	8,398
Accrued professional services	6,255	9,240
Accrued technology	4,955	4,701
Accrued purchase consideration	3,887	—
Other accrued expenses	8,706	7,276
Total accrued expenses and other liabilities	<u>\$ 136,417</u>	<u>\$ 158,548</u>

In the fourth quarter of 2020, as part of an organizational realignment, the Company entered into separation agreements with several employees. In connection with this realignment, the Company recognized \$ 8 million of severance expense in the three months ended March 31, 2021. The Company has approximately \$4.6 million and \$5.1 million in accrued compensation and related taxes associated with these separation agreements as of March 31, 2021 and December 31, 2020, respectively.

**8. Debt**

The Company's outstanding debt obligations as of March 31, 2021 and December 31, 2020 were as follows:

	March 31, 2021	December 31, 2020
	(in thousands)	
Revolving credit facility balance	<u>\$ —</u>	<u>\$ —</u>
Convertible Notes due 2023	\$ 345,000	\$ 345,000
Unamortized issuance costs on Convertible Notes due 2023	(4,503)	(4,306)
Unaccreted discount on Convertible Notes due 2023	—	(24,058)
Convertible Notes due 2023 carrying value	<u>\$ 340,497</u>	<u>\$ 316,636</u>
Convertible Notes due 2025	\$ 517,500	\$ 517,500
Unamortized issuance costs on Convertible Notes due 2025	(12,802)	(11,731)
Unaccreted discount on Convertible Notes due 2025	—	(65,902)
Convertible Notes due 2025 carrying value	<u>\$ 504,698</u>	<u>\$ 439,867</u>

Interest expense was comprised of the following and is included in other expense, net in the condensed consolidated statement of operations:

	Three Months Ended March 31,	
	2021	2020
	(in thousands)	
Coupon interest	\$ 2,479	\$ 1,501
Amortization of issuance costs	1,423	631
Undrawn and other fees	313	153
Interest on revolving credit facility	—	2,518
Accretion of debt discount	—	2,331
Total interest expense	<u>\$ 4,215</u>	<u>\$ 7,134</u>

For the three months ended March 31, 2021 and 2020, the total interest expense related to the Convertible Notes was \$ 7 million and \$ 4.3 million, respectively, with coupon interest expense of \$ 2.5 million and \$ 1.5 million and the amortization of debt discount and issuance costs of \$ 1.2 million and \$ 2.8 million, respectively.

**Convertible Notes due 2023**

Upon adoption of ASU 2020-06, effective January 1, 2021, the embedded conversion option, or equity component, is no longer separated from the host contract and recognized within additional paid-in capital and is instead accounted for as a single liability measured at amortized cost within Long-term debt in the condensed consolidated balance sheets. Accordingly, the Convertible Notes due 2023 are presented in the condensed consolidated balance sheets at their gross proceeds of \$ 345.0 million less unamortized debt issuance costs of \$ 4.5 million as of March 31, 2021 with no future accretion of the original issue discount necessary.

In connection with the issuance of the Convertible Notes due 2023, the Company incurred \$ 0.0 million of issuance costs in 2018, of which \$ 8.6 million was originally allocated to the debt component and presented net in Long-term debt and \$ 1.4 million was originally allocated to the equity component and presented within additional paid-in capital in the condensed consolidated balance sheets. Upon adoption of ASU 2020-06, effective January 1, 2021, the costs originally allocated to the equity component are reflected within Long-term debt and are being amortized and recorded as additional interest expense over the life of the Convertible Notes due 2023.

The effective interest rate of the Convertible Notes due 2023 for the three months ended March 31, 2021 and 2020 was approximately 2.4% and 6%. The effective interest rate of the Convertible Notes due 2023 is equal to the stated interest rate plus the amortization of the debt issuance costs subsequent to adoption. Prior to the adoption of ASU 2020-06, the effective interest rate calculation also included the amortization of the original issue discount.

**Convertible Notes due 2025**

Upon adoption of ASU 2020-06, effective January 1, 2021, the embedded conversion option, or equity component, is no longer separated from the host contract and recognized within additional paid-in capital and is instead accounted for as a single liability measured at amortized cost within Long-term debt in the condensed consolidated balance sheets. Accordingly, the Convertible Notes due 2025 are presented in the condensed consolidated balance sheets at their gross proceeds of \$ 517.5 million less unamortized debt issuance costs of \$ 12.8 million as of March 31, 2021 with no future accretion of the original issue discount necessary.

In connection with the issuance of the Convertible Notes due 2025, the Company incurred a total of \$ 4.5 million of issuance costs in 2020, of which \$ 12.6 million was originally allocated to the debt component and presented net in Long-term debt and \$ 1.9 million was originally allocated to the equity component and presented within additional paid-in capital in the condensed consolidated balance sheets. Upon adoption of ASU 2020-06, effective January 1, 2021, the costs originally allocated to the equity component are reflected within Long-term debt and are being amortized and recorded as additional interest expense over the life of the Convertible Notes due 2025.

The effective interest rate of the Convertible Notes due 2025 for the three months ended March 31, 2021 was approximately 1.3%. The effective interest rate of the Convertible Notes due 2025 was equal to the stated interest rate plus the amortization of the debt issuance costs subsequent to adoption.

See "Note 13—Net Income (Loss) Per Share" for further discussion of the effect of conversion on net income per share.

**Amended Credit Agreement**

The credit agreement under which the Company's revolving credit facility was issued (the "Amended Credit Agreement") includes certain financial covenants and, as of March 31, 2021, the Company was in compliance with these requirements.

As of March 31, 2021, the Company had \$ 500.0 million available to borrow under the revolving credit facility, subject to covenant compliance.

## 9. Fair Value Measurements

The following tables set forth the fair value of the Company's financial assets and liabilities measured at fair value on a recurring basis in the condensed consolidated balance sheets as of March 31, 2021 and December 31, 2020, based on the three-tier fair value hierarchy, as defined in ASC 820, "Fair Value Measurements and Disclosures":

	March 31, 2021			
	Fair Value	Level I	Level II	Level III
	(in thousands)			
<b>Assets:</b>				
Money market funds	\$ 67,053	\$ 67,053	\$ —	\$ —
Assets to fund deferred compensation liability	10,169	—	—	10,169
<b>Total assets</b>	<b>\$ 77,222</b>	<b>\$ 67,053</b>	<b>\$ —</b>	<b>\$ 10,169</b>
<b>Liabilities:</b>				
Contingent consideration	\$ 11,746	\$ —	\$ —	\$ 11,746
Deferred compensation liability	9,606	9,606	—	—
<b>Total liabilities</b>	<b>\$ 21,352</b>	<b>\$ 9,606</b>	<b>\$ —</b>	<b>\$ 11,746</b>
<b>December 31, 2020</b>				
	Fair Value	Level I	Level II	Level III
	(in thousands)			
<b>Assets:</b>				
Money market funds	\$ 84,110	\$ 84,110	\$ —	\$ —
Assets to fund deferred compensation liability	9,961	—	—	9,961
<b>Total assets</b>	<b>\$ 94,071</b>	<b>\$ 84,110</b>	<b>\$ —</b>	<b>\$ 9,961</b>
<b>Liabilities:</b>				
Contingent consideration	\$ 12,559	\$ —	\$ —	\$ 12,559
Deferred compensation liability	8,720	8,720	—	—
<b>Total liabilities</b>	<b>\$ 21,279</b>	<b>\$ 8,720</b>	<b>\$ —</b>	<b>\$ 12,559</b>

The fair value of the contingent consideration liabilities related to certain of the Company's acquisitions were estimated using a discounted cash flow method with significant inputs that are not observable in the market and thus represents a Level III fair value measurement. The significant inputs in the Company's Level III fair value measurement not supported by market activity included its assessments of expected future cash flows related to these acquisitions and their ability to meet the target performance objectives during the subsequent periods from the date of acquisition, which management believes are appropriately discounted considering the uncertainties associated with these obligations, and are calculated in accordance with the terms of their respective agreements.

The Company will continue to reassess the fair values of the contingent consideration liabilities at each reporting date until settlement. Changes to these estimated fair values will be recognized in the Company's earnings and included in general and administration expenses in the condensed consolidated statements of operations.

**Envestnet, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

The table below presents a reconciliation of the Company's contingent consideration liabilities, which were measured at fair value on a recurring basis using significant unobservable inputs (Level III) for the period from December 31, 2020 to March 31, 2021:

	<b>Fair Value of Contingent Consideration Liabilities</b>	
	(in thousands)	
Balance at December 31, 2020	\$	12,559
Fair market value adjustment on contingent consideration liability		(140)
Accretion on contingent consideration		327
Payment of contingent consideration		(1,000)
Balance at March 31, 2021	\$	11,746

The table below presents a reconciliation of the assets used to fund deferred the Company's deferred compensation liability, which is measured at fair value on a recurring basis using significant unobservable inputs (Level III) for the period from December 31, 2020 to March 31, 2021:

	<b>Fair Value of Assets to Fund Deferred Compensation Liability</b>	
	(in thousands)	
Balance at December 31, 2020	\$	9,961
Fair value adjustments		208
Balance at March 31, 2021	\$	10,169

The fair market value of the assets used to fund the Company's deferred compensation liability is based upon the cash surrender value of the Company's life insurance premiums. The value of the assets used to fund the Company's deferred compensation liability, which are included in other non-current assets in the condensed consolidated balance sheets, increased due to gains on the underlying investment vehicles. These gains are recognized in the Company's earnings and included in general and administration expenses in the condensed consolidated statements of operations.

The Company assesses the categorization of assets and liabilities by level at each measurement date, and transfers between levels are recognized on the actual date of the event or when changes in circumstances caused the transfer, in accordance with the Company's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. There were no transfers between Levels I, II and III during the three months ended March 31, 2021.

***Fair Value of Debt Agreements and Other Financial Assets and Liabilities***

The Company considered the Convertible Notes due 2023 and the Convertible Notes due 2025 to be Level II liabilities at March 31, 2021 and used a market approach to calculate their respective fair values. The estimated fair value for each convertible note was determined based on estimated or actual bids and offers in an over-the-counter market on March 31, 2021 (See "Note 8—Debt").

As of March 31, 2021, the carrying value of the Convertible Notes due 2023 equaled \$40.5 million and represented the aggregate principal amount outstanding less the unamortized debt issuance costs. As of December 31, 2020, the carrying value of the Convertible Notes due 2023 equaled \$316.6 million and represented the aggregate principal amount outstanding less the unamortized discount and debt issuance costs. As of March 31, 2021 and December 31, 2020, the estimated fair value of the Convertible Notes due 2023 was \$19.7 million and \$460.8 million, respectively.

As of March 31, 2021, the carrying value of the Convertible Notes due 2025 equaled \$04.7 million and represented the aggregate principal amount outstanding less the unamortized debt issuance costs. As of December 31, 2020, the carrying value of the Convertible Notes due 2025 equaled \$439.9 million and represented the aggregate principal amount outstanding less the unamortized discount and debt issuance costs. As of March 31, 2021 and December 31, 2020, the estimated fair value of the Convertible Notes due 2025 was \$19.1 million and \$540.8 million, respectively.



Investnet, Inc.  
Notes to Unaudited Condensed Consolidated Financial Statements (continued)

The Company considered the recorded value of its other financial assets and liabilities, which consist primarily of cash and cash equivalents, accounts receivable and accounts payable, to approximate the fair value of the respective assets and liabilities at March 31, 2021 based upon the short-term nature of these assets and liabilities.

**10. Revenues and Cost of Revenues**

*Disaggregation of Revenue*

The following table presents the Company's revenues disaggregated by major source:

	Three Months Ended March 31,					
	2021			2020		
	Investnet Wealth Solutions	Investnet Data & Analytics	Consolidated	Investnet Wealth Solutions	Investnet Data & Analytics	Consolidated
	(in thousands)					
Revenues:						
Asset-based	\$ 159,375	\$ —	\$ 159,375	\$ 134,811	\$ —	\$ 134,811
Subscription-based	64,012	45,817	109,829	60,323	44,228	104,551
Total recurring revenues	223,387	45,817	269,204	195,134	44,228	239,362
Professional services and other revenues	3,023	2,878	5,901	3,286	3,891	7,177
Total revenues	<u>\$ 226,410</u>	<u>\$ 48,695</u>	<u>\$ 275,105</u>	<u>\$ 198,420</u>	<u>\$ 48,119</u>	<u>\$ 246,539</u>

One customer accounted for more than 10% of the Company's total revenues:

	Three Months Ended March 31,	
	2021	2020
Fidelity	14 %	15 %

Fidelity accounted for 17% and 19% of the Investnet Wealth Solutions segment's revenues for the three months ended March 31, 2021 and 2020, respectively. No single customer accounted for over 10% of the Investnet Data & Analytics segment's revenue for any period presented.

The following table presents the Company's revenues disaggregated by geography, based on the billing address of the customer:

	Three Months Ended March 31,	
	2021	2020
	(in thousands)	
United States	\$ 270,072	\$ 240,452
International <sup>(1)</sup>	5,033	6,087
Total revenues	<u>\$ 275,105</u>	<u>\$ 246,539</u>

<sup>(1)</sup> No foreign country accounted for more than 10% of the Company's total revenues.

**Remaining Performance Obligations**

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of March 31, 2021:

Years ending December 31,	(in thousands)
Remainder of 2021	\$ 193,004
2022	187,479
2023	113,545
2024	58,523
2025	31,985
Thereafter	13,532
<b>Total</b>	<b>\$ 598,068</b>

Only fixed consideration from significant contracts with customers is included in the amounts presented above.

The Company has applied the practical expedients and exemption and therefore does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less; (ii) contracts for which the Company recognizes revenue at the amount to which it has the right to invoice for services performed; and (iii) contracts for which the variable consideration is allocated entirely to a wholly unsatisfied performance obligations or to a wholly unsatisfied promise to transfer a distinct service that forms part of a single performance obligation.

**Contract Balances**

Total deferred revenue as of March 31, 2021 increased by \$7,882 during the three months ended March 31, 2021, primarily the result of revenue growth, timing of cash receipts and revenue recognition. The majority of the Company's deferred revenue will be recognized over the course of the next twelve months.

The amount of revenue recognized that was included in the opening deferred revenue balance was \$6.9 million and \$15.5 million for the three months ended March 31, 2021 and 2020, respectively. The majority of this revenue consists of subscription-based services and professional services arrangements. The amount of revenue recognized from performance obligations satisfied in prior periods was not material.

**Deferred Sales Incentive Compensation**

Deferred sales incentive compensation was \$10.4 million and \$10.8 million as of March 31, 2021 and December 31, 2020, respectively. Amortization expense for the deferred sales incentive compensation was \$1.1 million and \$1.0 million for the three months ended March 31, 2021 and 2020, respectively. Deferred sales incentive compensation is included in other non-current assets on the condensed consolidated balance sheets and amortization expense is included in compensation and benefits expenses on the condensed consolidated statements of operations. No significant impairment loss for capitalized costs was recorded during the periods.

The Company has applied the practical expedient to recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period would have been one year or less. These costs are included in compensation and benefits expenses in the condensed consolidated statements of operations.

### Cost of Revenues

The following table summarizes cost of revenues by revenue category:

	Three Months Ended March 31,	
	2021	2020
	(in thousands)	
Asset-based	\$ 86,190	\$ 68,592
Subscription-based	6,604	6,277
Professional services and other	75	64
Total cost of revenues	\$ 92,869	\$ 74,933

### 11. Stock-Based Compensation

The Company has stock options, restricted stock units ("RSUs") and performance stock units ("PSUs") outstanding under the 2010 Long-Term Incentive Plan (the "2010 Plan") and the Envestnet, Inc. 2019 Acquisition Equity Incentive Plan (the "2019 Equity Plan").

As of March 31, 2021, the maximum number of common shares available for future issuance under the Company's plans is 245,265.

Stock-based compensation expense under the Company's plans was as follows:

	Three Months Ended March 31,	
	2021	2020
	(in thousands)	
Stock-based compensation expense	\$ 14,013	\$ 13,765
Tax effect on stock-based compensation expense	(3,573)	(3,510)
Net effect on income	\$ 10,440	\$ 10,255

The tax effect on stock-based compensation expense above was calculated using a blended statutory rate of 25.5% for each of the three months ended March 31, 2021 and 2020.

### Stock Options

The Company has not granted any stock options since January 2019. The following table summarizes option activity under the Company's plans:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2020	438,040	\$ 36.28	4.1	\$ 20,156
Granted	—	—		
Exercised	(27,043)	19.32		
Forfeited	—	—		
Outstanding as of March 31, 2021	410,997	37.40	4.0	14,318
Options exercisable	370,818	\$ 36.14	3.6	\$ 13,384

Exercise prices of stock options outstanding as of March 31, 2021 range from \$10.40 to \$55.29. At March 31, 2021, there was an immaterial amount of unrecognized stock-based compensation expense related to unvested stock options, which the Company expects to recognize over a weighted-average period of 0.8 years.

**Envestnet, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

**Restricted Stock Units**

The Company has granted restricted stock units and performance-based stock units to employees that are unvested. Performance-based stock units vest upon the achievement of certain pre-established business and financial metrics as well as a subsequent service condition. The business and financial metrics governing the vesting of these performance-based stock units provide thresholds that dictate the number of shares to vest upon each evaluation date, which range from 50% to 150%. If these metrics are achieved, as defined in the individual grant terms, these shares would cliff vest three years from the grant date.

The following is a summary of the activity for unvested restricted stock units and performance stock units granted under the Company's plans:

	RSUs		PSUs	
	Number of Shares	Weighted-Average Grant Date Fair Value per Share	Number of Shares	Weighted-Average Grant Date Fair Value per Share
Outstanding as of December 31, 2020	1,345,347	\$ 70.56	302,797	\$ 72.50
Granted	1,092,243	70.34	89,497	70.33
Vested	(428,049)	70.26	(27,300)	61.54
Forfeited	(51,258)	69.20	—	—
Outstanding as of March 31, 2021	1,958,283	70.54	364,994	72.79

At March 31, 2021, there was \$132.5 million of unrecognized stock-based compensation expense related to unvested restricted stock units, which the Company expects to recognize over a weighted-average period of 2.4 years. At March 31, 2021, there was \$10.7 million of unrecognized stock-based compensation expense related to unvested performance-based restricted stock units, which the Company expects to recognize over a weighted-average period of 2.2 years.

**12. Income Taxes**

The following table includes the Company's income (loss) before income tax provision (benefit), income tax provision (benefit) and effective tax rate:

	Three Months Ended	
	2021	2020
	(in thousands)	
Income (loss) before income tax benefit	\$ 9,347	\$ (9,154)
Income tax benefit	(5,588)	(1,964)
Effective tax rate	(59.8)%	21.5 %

For the three months ended March 31, 2021, the Company's effective tax rate differed from the statutory rate primarily due to the increase in the valuation allowance the Company has placed on a portion of its U.S. deferred tax assets, permanent book-tax differences, and the impact of state and local taxes offset by federal and state research and development ("R&D") credits.

For the three months ended March 31, 2020, the Company's effective tax rate differed from the statutory rate primarily due to the increase in the valuation allowance the Company had placed on a portion of its US deferred tax assets offset by the windfall from stock-based compensation and the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") net operating loss carryback.

**13. Net Income (Loss) Per Share**

Prior to January 1, 2021, the Company accounted for the effect of its convertible notes using the treasury stock method since they may be settled in cash, shares or a combination thereof at the Company's option. Pursuant to the adoption of ASU 2020-06 on January 1, 2021, the Company now accounts for the effect of its convertible notes on diluted net income per share using the if-converted method (See "Note 2—Basis of Presentation" and "Note 8—Debt").

**Investnet, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

Basic net income (loss) per common share is computed by dividing net income (loss) available to common stockholders by the weighted average number of shares of common stock outstanding for the period. For the calculation of diluted net income (loss) per share, the basic weighted average number of shares is increased by the dilutive effect of stock options, common warrants, restricted stock awards and restricted stock units and convertible notes, if dilutive, using either the treasury method or if-converted method, as appropriate.

The following table provides the numerators and denominators used in computing basic and diluted net income (loss) per share attributable to Investnet, Inc.:

	Three Months Ended March 31,	
	2021	2020
	(in thousands, except share and per share data)	
Net income (loss) attributable to Investnet, Inc. - Basic (c)	\$ 14,946	\$ (7,336)
Interest on dilutive Convertible Notes due 2025, net of tax	1,252	—
Net income (loss) attributable to Investnet, Inc - Diluted (d)	<u>\$ 16,198</u>	<u>\$ (7,336)</u>
<b>Weighted-average common shares outstanding:</b>		
Basic (c)	54,208,469	53,016,511
Effect of dilutive shares:		
Options to purchase common stock	222,387	—
Unvested restricted stock units	562,606	—
Convertible Notes due 2025	4,848,044	—
Warrants	76,142	—
Diluted (d)	<u>59,917,648</u>	<u>53,016,511</u>
<b>Net income (loss) per share attributable to Investnet, Inc common stock:</b>		
Basic (a/c)	<u>\$ 0.28</u>	<u>\$ (0.14)</u>
Diluted (b/d)	<u>\$ 0.27</u>	<u>\$ (0.14)</u>

Securities that were anti-dilutive and therefore excluded from the computation of diluted net income (loss) per share were as follows:

	Three Months Ended March 31,	
	2021	2020
Options to purchase common stock	—	785,399
Unvested RSUs and PSUs	—	2,074,757
Warrants	—	470,000
Convertible Notes due 2023	5,050,505	5,050,505
Total anti-dilutive securities	<u>5,050,505</u>	<u>8,380,661</u>

**14. Segment Information**

Business segments are generally organized around the Company's business services. The Company's business segments are:

- **Investnet Wealth Solutions** – a leading provider of unified wealth management software and services to empower financial advisors and institutions.
- **Investnet Data & Analytics** – a leading data aggregation and data intelligence platform powering dynamic, cloud-based innovation for digital financial services.

**Investnet, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

The following table presents a reconciliation from income (loss) from operations by segment to consolidated net income (loss) attributable to Investnet, Inc.:

	Three Months Ended	
	2021	2020
	March 31,	
	(in thousands)	
Investnet Wealth Solutions	\$ 34,197	\$ 11,340
Investnet Data & Analytics	1,289	(4,585)
Nonsegment operating expenses	(18,671)	(14,372)
Income (loss) from operations	16,815	(7,617)
Other expense, net	(7,468)	(1,537)
Consolidated income (loss) before income tax benefit	9,347	(9,154)
Income tax benefit	(5,588)	(1,964)
Consolidated net income (loss)	14,935	(7,190)
Add: Net (income) loss attributable to non-controlling interest	11	(146)
Consolidated net income (loss) attributable to Investnet, Inc.	<u>\$ 14,946</u>	<u>\$ (7,336)</u>

The information in the above table is derived from the Company's internal financial reporting used for corporate management purposes. Nonsegment operating expenses may include salary and benefits for certain corporate officers, certain types of professional service expenses and insurance, acquisition related transaction costs, restructuring charges and other non-recurring and/or non-operationally related expenses. Intersegment revenues were not material for the three months ended March 31, 2021 and 2020.

See "Note 10—Revenues and Cost of Revenues" for detail of revenues by segment.

Segment assets did not materially change from December 31, 2020.

**15. Geographical Information**

The following table sets forth certain long-lived assets including property and equipment, net and internally developed software, net by geographic area:

	March 31,	December 31,
	2021	2020
	(in thousands)	
United States	\$ 152,458	\$ 140,651
India	3,250	2,970
Other	657	849
Total long-lived assets, net	<u>\$ 156,365</u>	<u>\$ 144,470</u>

See "Note 10—Revenues and Cost of Revenues" for detail of revenues by geographic area.

**16. Commitments and Contingencies**

***Purchase Obligations and Indemnifications***

The Company includes various types of indemnification and guarantee clauses in certain arrangements. These indemnifications and guarantees may include, but are not limited to, infringement claims related to intellectual property, direct or consequential damages and guarantees to certain service providers and service level requirements with certain customers. The type and amount of any potential indemnification or guarantee varies substantially based on the nature of each arrangement. The Company has experienced no previous claims and cannot determine the maximum amount of potential future payments, if any, related to such indemnification and guarantee provisions. The Company believes that it is unlikely it will have to make material payments under these arrangements and therefore has not recorded a contingent liability associated with these arrangements in the condensed consolidated balance sheets.

The Company enters into unconditional purchase obligations arrangements for certain of its services that it receives in the normal course of business.

#### **Legal Proceedings**

The Company and its subsidiary, Yodlee, Inc. (“Yodlee”), have been named as defendants in a lawsuit filed on July 17, 2019, by FinancialApps, LLC (“FinancialApps”) in the United States District Court for the District of Delaware. The case caption is FinancialApps, LLC v. Envestnet Inc., et al., No. 19-cv-1337 (D. Del.). FinancialApps alleges that, after entering into a 2017 services agreement with Yodlee, Envestnet and Yodlee breached the agreement and misappropriated proprietary information to develop competing credit risk assessment software. The complaint includes claims for, among other things, misappropriation of trade secrets, fraud, tortious interference with prospective business opportunities, unfair competition, copyright infringement and breach of contract. FinancialApps is seeking significant monetary damages and various equitable and injunctive relief.

On September 17, 2019, the Company and Yodlee filed a motion to dismiss certain of the claims in the complaint filed by FinancialApps, including the copyright infringement, unfair competition and fraud claims. On August 25, 2020, the District Court granted in part and denied in part the Company and Yodlee’s motion. Specifically, the Company and Yodlee prevailed on FinancialApps’ counts alleging copyright infringement and violations of the Illinois Deceptive Trade Practices Act. And while the Court was receptive to Envestnet and Yodlee’s argument that several of FinancialApps’ other counts are based on allegations that amount to copyright infringement—and therefore should fail due to copyright preemption—the Court found that FinancialApps had alleged enough conduct distinct from copyright infringement to survive dismissal at this early stage.

On October 30, 2019, the Company and Yodlee filed counterclaims against FinancialApps. Yodlee alleges that FinancialApps fraudulently induced it to enter into contracts with FinancialApps, then breached those contracts. FinancialApps has filed a motion to dismiss Yodlee’s counterclaims. On September 15, 2020, the District Court denied FinancialApps’ motion on all counts except for the breach-of-contract claim which was dismissed on a pleading technicality without prejudice. On that count, the Court granted Yodlee leave to amend its counterclaim, cure the technical deficiency, and reassert its claim. Yodlee and Envestnet filed amended counterclaims on September 30, 2020. The amended counterclaims (1) cure that technical deficiency and reassert Yodlee’s contract counterclaim; and (2) broaden the defamation counterclaims arising out of various defamatory statements FinancialApps disseminated in the trade press after filing the lawsuit. On January 14, 2021, the Court ordered that (i) FinancialApps’s claims against Yodlee—as well as Yodlee’s counterclaims against FinancialApps—must be tried before the judge instead of a jury pursuant to a jury waiver provision in the parties’ agreement; and (ii) FinancialApps’s claims against Envestnet (and Envestnet’s counterclaim) must be heard by a jury. The Court has scheduled the Envestnet jury trial to take place before the Yodlee bench trial. Fact discovery closed on April 23, 2021, other than a few outstanding matters, and expert discovery is set to commence in earnest.

The Company believes FinancialApps’s allegations are without merit and will continue to defend the claims against it and litigate the counterclaims vigorously.

The Company and Yodlee were also named as defendants in a putative class action lawsuit filed on August 25, 2020, by Plaintiff Deborah Wesch in the United States District Court for the Northern District of California. On October 21, 2020, an amended class action complaint was filed by Plaintiff Wesch and nine additional named plaintiffs. The case caption is Deborah Wesch, et al., v. Yodlee, Inc., et al., Case No. 3:20-cv-05991-SK. Plaintiffs allege that Yodlee unlawfully collected their financial transaction data when plaintiffs linked their bank accounts to a mobile application that uses Yodlee’s API, and plaintiffs further allege that Yodlee unlawfully sold the transaction data to third parties. The complaint alleges violations of certain California statutes and common law, including the Unfair Competition Law, and federal statutes, including the Stored Communications Act. Plaintiffs are seeking monetary damages and equitable and injunctive relief on behalf of themselves and a putative nationwide class and California subclass of persons who provided their log-in credentials to a Yodlee-powered app in an allegedly similar manner from 2014 to the present. The Company believes that it is not properly named as a defendant in the lawsuit and it further believes, along with Yodlee, that plaintiffs’ claims are without merit. On November 4, 2020, the Company and Yodlee filed separate motions to dismiss all of the claims in the complaint. On February 16, 2021, the district court granted in part and denied in part Yodlee’s motion to dismiss the amended complaint and granted the plaintiffs leave to further amend. The court reserved ruling on the Company’s motion to dismiss and granted limited jurisdictional discovery to the plaintiffs. On March 15, 2021, Plaintiffs filed a second amended class action complaint re-alleging, among others, the claims the district court had dismissed. The second amended complaint did not allege any claims against the Company or Yodlee that were not

previously alleged in first amended complaint. On May 5, 2021, the Company filed a motion to dismiss all claims asserted against it in the second amended complaint, and Yodlee filed a motion to dismiss most claims asserted against it in the second amended complaint. The Company and Yodlee will continue to vigorously defend the claims against it.

The Company's subsidiary, Envestnet Asset Management, Inc. ("EAM"), has been named as a defendant in two putative class action lawsuits filed on December 28, 2020 and March 4, 2021, respectively, in the United States District Court for the Northern District of Alabama. The case captions are Drake v. BBVA USA Bancshares, Inc. et al., No. 2:20-CV-02076-ACA ("Drake") and Ferguson v. BBVA Compass Bancshares, Inc. et al., No. 2:19-CV-01135-MHH ("Ferguson"). The material allegations of both cases are identical. The plaintiff alleges that EAM, acting as investment advisor to BBVA USA Bancshares, Inc.'s Compass SmartInvestor 401(k) Plan (the "SmartInvestor Plan"), along with BBVA and others, breached its fiduciary duties under the Employee Retirement Income Security Act of 1974 ("ERISA") in connection with the selection and maintenance of the SmartInvestor Plan's investment options. The plaintiff seeks unspecified damages on behalf of a class of SmartInvestor Plan participants from July 17, 2013 through December 28, 2020. EAM has asked the court to dismiss the Drake lawsuit against it on grounds that it is not properly named as a defendant in the lawsuit and it further believes, along with BBVA, that the claims are without merit. The Ferguson case has been stayed by the court until the Drake court decides whether that case should continue, and if so, whether the two cases should be consolidated before one court. EAM will continue to vigorously defend the claims against it.

In addition, the Company is involved in legal proceedings arising in the ordinary course of its business. Legal fees and other costs associated with such actions are expensed as incurred. The Company will record a provision for these claims when it is both probable that a liability has been incurred and the amount of the loss, or a range of the potential loss, can be reasonably estimated. These provisions are reviewed regularly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information or events pertaining to a particular case. For litigation matters where a loss may be reasonably possible, but not probable, or is probable but not reasonably estimable, no accrual is established, but if the matter is material, it is subject to disclosures. The Company believes that liabilities associated with any claims, while possible, are not probable, and therefore has not recorded an accrual for any claims as of March 31, 2021. Further, while any possible range of loss cannot be reasonably estimated at this time, the Company does not believe that the outcome of any of these proceedings, individually or in the aggregate, would, if determined adversely to it, have a material adverse effect on its financial condition or business, although an adverse resolution of legal proceedings could have a material adverse effect on the Company's results of operations or cash flow in a particular quarter or year.

#### *Contingencies*

Certain of the Company's revenues are subject to sales and use taxes in certain jurisdictions where it conducts business in the United States. As of March 31, 2021 and December 31, 2020, the Company estimated a sales and use tax liability of \$5.4 million and \$6.6 million, respectively, related to revenues in multiple jurisdictions. This amount is included in accrued expenses and other liabilities in the condensed consolidated balance sheets.

As of March 31, 2021 and December 31, 2020, the Company also estimated a sales and use tax receivable of \$2.4 million and \$2.1 million, respectively, related to the estimated recoverability of a portion of the liability from customers. This amount is included in prepaid expenses and other current assets in the condensed consolidated balance sheets.

Additional future information obtained from the applicable jurisdictions may affect the Company's estimate of its sales and use tax liability, but such change in the estimate cannot currently be made.

#### **17. Subsequent Events**

##### *Acquisition of Harvest*

On April 8, 2021, pursuant to an agreement and plan of merger (the "Merger Agreement"), dated as of March 31, 2021, between, among others, Harvest Savings & Wealth Technologies ("Harvest"), a Delaware corporation, and Bounty Merger Sub, Inc. a wholly-owned subsidiary of the Company ("Merger Sub"), the Company completed the merger of Harvest with and into Merger Sub, with Merger Sub continuing as the surviving corporation (the "Harvest Acquisition") and a wholly owned direct subsidiary of Envestnet. Harvest will be integrated into the Envestnet Wealth Solutions segment.



**Investnet, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

Harvest provides automated goals-based saving tools and wealth solutions to banks, credit unions, trust companies, and other financial institutions. The acquisition optimizes Investnet's API-based financial wellness ecosystem, and also helps strengthen the Company's foothold to enable embedded finance, which Investnet sees as a key driver of the future of financial services.

In connection with the Harvest Acquisition, Investnet paid approximately \$33.6 million in estimated cash consideration, subject to certain post-closing adjustments. Investnet funded the acquisition with cash on hand.

Due to the lack of available information, the disclosures in relation to ASC 805 are currently not able to be included in this Form 10-Q.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

Unless otherwise indicated, the terms "Envestnet," the "Company," "we," "us" and "our" refer to Envestnet, Inc. and its subsidiaries as a whole.

This quarterly report on Form 10-Q contains forward-looking statements regarding future events and our future results within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, in particular, statements about our plans, strategies and prospects under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations". These statements are based on our current expectations and projections about future events and are identified by terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "expected," "intend," "will," "may," or "should" or the negative of those terms or variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our business and other characteristics of future events or circumstances are forward-looking statements. The potential risks, uncertainties and other factors that could cause actual results to differ from those expressed by the forward-looking statements in this quarterly report include, but are not limited to,

- a pandemic or health crisis, including the Coronavirus Disease 2019 ("COVID-19") pandemic, and its impact on the global economy and capital markets, as well as our products, clients, vendors and employees, and our results of operations, the full extent of which may be unknown;
- the concentration 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 revenue;
- the renegotiation of fees by our clients;
- changes in the estimates of fair value of reporting units or of long-lived assets;
- the amount of our debt and our ability to service our debt;
- limitations on our ability to access information from third parties or charges for accessing such information;
- the targeting of some of our sales efforts at large financial institutions and large internet services companies which prolongs sales cycles, requires substantial upfront sales costs and results in less predictability in completing some of our sales;
- changes in investing patterns on the assets on which we derive revenue and the freedom of investors to redeem or withdraw investments generally at any time;
- the impact of fluctuations in market conditions and interest rates on the demand for our products and services and the value of assets under management or administration;
- our ability to keep up with rapid technological change, evolving industry standards or changing requirements of clients;
- risks associated with our international operations;
- the competitiveness of our solutions and services as compared to those of others;
- liabilities associated with potential, perceived or actual breaches of fiduciary duties and/or conflicts of interest;
- harm to our reputation;
- our ability to successfully identify potential acquisition candidates, complete acquisitions and successfully integrate acquired companies;
- our ability to successfully execute the conversion of clients' assets from their technology platform to our technology platforms in a timely and accurate manner;
- the failure to protect our intellectual property rights;
- our ability to introduce new solutions and services and enhancements;
- our ability to maintain the security and integrity of our systems and facilities and to maintain the privacy of personal information and potential liabilities for data security breaches;
- the effect of privacy laws and regulations, industry standards and contractual obligations and changes to these laws, regulations, standards and obligations on how we operate our business and the negative effects of failure to comply with these requirements;
- regulatory compliance failures;
- failure by our customers to obtain proper permissions or waivers for our use of disclosure of information;
- adverse judicial or regulatory proceedings against us;
- failure of our solutions, services or systems, or those of third parties on which we rely, to work properly;
- potential liability for use of inaccurate information by third parties provided by us;
- the occurrence of a deemed "change of control";

- the uncertainty of the application and interpretation of certain tax laws;
- issuances of additional shares of common stock or issuances of shares of preferred stock or convertible securities on our existing stockholders;
- general economic conditions, political and regulatory conditions;
- global events, natural disasters, environmental disasters, terrorist attacks and pandemics, including their impact on the economy and trading markets; and
- management's response to these factors.

In addition, there may be other factors of which we are presently unaware or that we currently deem immaterial that could cause our actual results to be materially different from the results referenced in the forward-looking statements. All forward-looking statements contained in this quarterly report and documents incorporated herein by reference are qualified -in their entirety by this cautionary statement. Forward-looking statements speak only as of the date they are made, and we do not intend to update or otherwise revise the forward-looking statements to reflect events or circumstances after the date of this quarterly report or to reflect the occurrence of unanticipated events, except as required by applicable law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

Although we believe that our plans, intentions and expectations are reasonable, we may not achieve our plans, intentions or expectations.

These forward-looking statements involve risks and uncertainties. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this quarterly report are set forth in Part I, Item 1A. "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2020 (the "2020 Form 10-K"), as updated in Part II, Item 1A. "Risk Factors" of this Form 10-Q; accordingly, investors should not place undue reliance upon our forward-looking statements. We undertake no obligation to update any of the forward-looking statements after the date of this report to conform those statements to reflect the occurrence of unanticipated events, except as required by applicable law.

You should read this quarterly report on Form 10-Q and the 2020 Form 10-K completely and with the understanding that our actual future results, levels of activity, performance and achievements may be different from what we expect and that these differences may be material. We qualify all of our forward-looking statements by these cautionary statements.

The following discussion and analysis should also be read along with our condensed consolidated financial statements and the related notes included elsewhere in this quarterly report and the consolidated financial statements and related notes included in our 2020 Form 10-K. Except for the historical information contained herein, this discussion contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those discussed below.

## Overview

Envestnet, through its subsidiaries, is transforming the way financial advice and wellness are delivered. Our mission is to empower advisors and financial service providers with innovative technology, solutions and intelligence to make financial wellness a reality for everyone. Envestnet has been a leader in helping transform wealth management, working towards our goal of building a holistic financial wellness ecosystem to improve the financial lives of millions of consumers.

More than 5,200 companies, including 17 of the 20 largest U.S. banks, 47 of the 50 largest wealth management and brokerage firms, over 500 of the largest registered investment advisers ("RIAs"), and hundreds of internet services companies, leverage Envestnet technology and services that help drive better outcomes for enterprises, advisors and their clients.

Through a combination of platform enhancements, partnerships and acquisitions, Envestnet uniquely provides a financial network connecting technology, solutions and data, delivering better intelligence and enabling its customers to drive better outcomes.

Envestnet, a Delaware corporation originally founded in 1999, serves clients from its headquarters based in Chicago, Illinois, as well as other locations throughout the United States, India and other international locations.

We also operate five registered investment advisers ("RIAs") registered with the U.S. Securities and Exchange Commission ("SEC"). We believe that our business model results in a high degree of recurring and predictable financial results.

## Recent Developments

### *Uncertainties Related to COVID-19*

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a global pandemic. This outbreak continues to cause major disruptions to businesses and markets worldwide as the virus spreads. The extent of the effect on the Company's operational and financial performance will continue to depend on future developments, including the duration, spread and intensity of the pandemic, and governmental, regulatory and private sector responses, all of which are uncertain and difficult to predict. Although the Company is unable to estimate the overall financial effect of the pandemic at this time, as the pandemic continues, it could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows. As of March 31, 2021, these condensed consolidated financial statements do not reflect any adjustments as a result of the pandemic.

### *Acquisition of Proprietary Technology*

We previously owned approximately 29% of the outstanding units in a privately held company and accounted for it as an equity method investment. On March 11, 2021, we entered into an intellectual property purchase agreement with this privately held company to acquire all of the proprietary technology developed by the privately held company for approximately \$35.5 million. Concurrent with the intellectual property purchase agreement, we also entered into a redemption agreement with the same privately held company to redeem its previously held equity interest in the privately held company for approximately \$10.0 million. We accounted for these two arrangements as a single unit of account. As of the acquisition date, the net cost of the proprietary technology acquired, including capitalized transaction costs, was approximately \$24.5 million, which will be amortized over a five-year period on a straight-line basis. The proprietary technology has been integrated into the Envestnet Wealth Solutions segment.

### *Acquisition of Harvest*

On April 8, 2021, we acquired Harvest Savings & Wealth Technologies ("Harvest"), a Delaware corporation (the "Harvest Acquisition"). Harvest provides automated goals-based saving tools and wealth solutions to banks, credit unions, trust companies, and other financial institutions. Harvest will be integrated into the Envestnet Wealth Solutions segment. The acquisition optimizes our API-based financial wellness ecosystem and also helps strengthen our foothold to enable embedded finance, which we see as a key driver of the future of financial services.

In connection with the Harvest Acquisition, Envestnet paid approximately \$33.6 million in estimated cash consideration, subject to certain post-closing adjustments. Envestnet funded the acquisition with cash on hand.

### **Organizational Realignment**

In the fourth quarter of 2020, as part of an organizational realignment, we entered into separation agreements with several employees. In connection with this realignment, we recognized approximately \$3.8 million of severance expense during the three months ended March 31, 2021. As of March 31, 2021, we have approximately \$4.6 million in accrued compensation and related taxes associated with these separation agreements.

### **Accelerated Investment Plan**

In February 2021, we announced that we would be accelerating our investment in our ecosystem, whereby we will be:

- Enhancing and streamlining our platforms to make it easier for our customers to work with us;
- Redefining the way data is used in an effort to create better intelligence, insight and guidance for advisors to better assist their clients;
- Improving the digital experience in a manner that we believe will empower advisors to offer their clients a platform to make impactful decisions in ways that they haven't experienced before; and
- Opening the platform for expansion to more solutions providers and developers.

These investments, which are expected to begin in the second quarter of 2021 and increase as the year progresses, will approximate \$30 million of operating expenses in total in 2021.

### **Segments**

Envestnet is organized around two primary, complementary business segments. Financial information about each business segment is contained in Part I, Item 1, "Note 14—Segment Information" to the condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q. Our business segments are as follows:

- **Envestnet Wealth Solutions** – a leading provider of unified wealth management software and services to empower financial advisors and institutions.
- **Envestnet Data & Analytics** – a leading data aggregation and data intelligence platform powering dynamic, cloud-based innovation for digital financial services.

#### **Envestnet Wealth Solutions Segment**

Envestnet empowers financial advisors at broker-dealers, banks, and RIAs with all the tools they require to deliver holistic wealth management to their end clients. In addition, the firm provides advisors with practice management support so that they can grow their practices and operate more efficiently. By March 31, 2021, Envestnet's platform assets grew to more than \$4.8 trillion in approximately 14 million accounts overseen by more than 106,000 advisors.

Services provided to advisors include: financial planning, risk assessment tools, investment strategies and solutions, asset allocation models, research, portfolio construction, proposal generation and paperwork preparation, model management and account rebalancing, account monitoring, customized fee billing, overlay services covering asset allocation, tax management and socially responsible investing, aggregated multi-custodian performance reporting and communication tools, plus data analytics. We have access to a wide range of leading third-party asset custodians.

We offer these solutions principally through the following product and services suites:

- **Envestnet | Enterprise** provides an end-to-end open architecture wealth management platform through which advisors can construct portfolios for clients. It begins with aggregated household data, which then leads to the creation of a financial plan, asset allocation, investment strategy, portfolio management, rebalancing and performance reporting. Advisors have access to more than 21,000 investment products. Envestnet | Enterprise also sells data aggregation and reporting, data analytics and digital advice capabilities to customers.
- **Envestnet | Tamarac** provides leading trading, rebalancing, portfolio accounting, performance reporting and client relationship management software, principally to high-end RIAs.

- **Investnet | MoneyGuide** provides leading goals-based financial planning solutions to the financial services industry. The highly adaptable software helps financial advisors add significant value for their clients using best-in-class technology with enhanced integrations to generate financial plans.
- **Investnet | Retirement Solutions ("ERS")** offers a comprehensive suite of services for advisor-sold retirement plans. Leveraging integrated technology, ERS addresses the regulatory, data, and investment needs of retirement plans and delivers the information holistically.
- **Investnet | PMC, or Portfolio Management Consultants ("PMC")** provides research and consulting services to assist advisors in creating investment solutions for their clients. These solutions include more than 4,800 vetted third party managed account products, multi-manager portfolios, fund strategist portfolios, as well as nearly 900 proprietary products, such as quantitative portfolios and fund strategist portfolios. PMC also offers portfolio overlay and tax optimization services.

#### Key Metrics

The following table provides information regarding the amount of assets utilizing our platforms, financial advisors and investor accounts in the periods indicated:

	As of				
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
(in millions, except accounts and advisors data)					
<b>Platform Assets</b>					
Assets under Management ("AUM")	\$ 185,065	\$ 215,994	\$ 228,905	\$ 263,043	\$ 286,039
Assets under Administration ("AUA")	312,472	344,957	375,860	405,365	408,858
Total AUM/A	497,537	560,951	604,765	668,408	694,897
Subscription	2,875,394	3,247,400	3,498,353	3,892,814	4,132,917
Total Platform Assets	\$ 3,372,931	\$ 3,808,351	\$ 4,103,118	\$ 4,561,222	\$ 4,827,814
<b>Platform Accounts</b>					
AUM	970,896	1,007,386	1,018,817	1,073,122	1,138,183
AUA	1,254,856	1,252,247	1,318,730	1,276,975	1,192,668
Total AUM/A	2,225,752	2,259,633	2,337,547	2,350,097	2,330,851
Subscription	10,090,172	10,003,156	10,639,399	11,079,048	11,453,434
Total Platform Accounts	12,315,924	12,262,789	12,976,946	13,429,145	13,784,285
<b>Advisors</b>					
AUM/A	40,971	41,206	41,450	41,206	41,177
Subscription	62,077	62,404	63,862	65,104	65,724
Total Advisors	103,048	103,610	105,312	106,310	106,901

The following table provides information regarding the degree to which gross sales, redemptions, net flows and changes in the market values of assets contributed to changes in AUM or AUA in the periods indicated:

	Asset Rollforward - Three Months Ended March 31, 2021						
	As of 12/31/2020	Gross Sales	Redemptions	Net Flows	Market Impact	Reclass to Subscription	As of 3/31/2021
(in millions, except account data)							
AUM	\$ 263,043	\$ 28,324	\$ (13,351)	\$ 14,973	\$ 8,023	\$ —	\$ 286,039
AUA	405,365	30,639	(23,033)	7,606	9,216	(13,329)	408,858
Total AUM/A	\$ 668,408	\$ 58,963	\$ (36,384)	\$ 22,579	\$ 17,239	\$ (13,329)	\$ 694,897
Fee-Based Accounts	2,350,097			88,734		(107,980)	2,330,851

The above AUM/A gross sales figures include \$8.3 billion in new client conversions. We onboarded an additional \$34.5 billion in subscription conversions during the three months ended March 31, 2021 bringing total conversions for the three months ended March 31, 2021 to \$42.8 billion.

Asset and account figures in the "Reclass to Subscription" columns for the three months ended March 31, 2021 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. Periodically clients choose to change the way they pay for our solution, whereby they switch from an asset-based pricing model to a subscription-based model, which has increased our subscription-based metrics.

#### ***Envestnet Data & Analytics Segment***

Envestnet Data & Analytics is a leading data aggregation and data intelligence platform. As an artificial intelligence ("AI") and data specialist, Envestnet Data & Analytics gathers, refines and aggregates a massive set of end-user permissioned transaction level data and combines them with financial applications, reports, market research analysis and application programming interfaces ("APIs") for its customers.

Over 1,400 financial institutions, financial technology innovators and financial advisory firms, including 15 of the 20 largest U.S. banks, subscribe to the Envestnet Data & Analytics platform to underpin personalized financial apps and services for approximately 35 million paid subscribers.

Envestnet Data & Analytics serves two main customer groups: financial institutions ("FI") and financial technology innovators, which we refer to as Yodlee Interactive ("YI") customers.

- **The Financial Institutions** group provides customers with secure access to open APIs, end-user facing applications powered by our platform and APIs ("FinApps"), and reports. Customers receive end-user permissioned transaction data elements that we aggregate and cleanse. Envestnet Data & Analytics also enables customers to develop their own applications through its open APIs, which deliver secure data, money movement solutions, and other functionality. FinApps can be subscribed to individually or in combinations that include personal financial management, wealth management, credit card, payments and small-medium business solutions. They are targeted at the retail financial, wealth management, small business, credit card, lenders, and other financial services sectors. These FinApps help consumers and small businesses simplify and manage their finances, review their financial accounts, track their spending, calculate their net worth, and perform a variety of other activities. For example, Yodlee Expense and Income Analysis FinApp helps consumers track their spending, and a Payroll FinApp from a third party helps small businesses process their payroll. The suite of reports is designed to supplement traditional credit reports by utilizing consumer permissioned aggregated data from over 17,000 sources, including banking, investment, loan and credit card information.
- **The Yodlee Interactive** group enables customers to develop new applications and enhance existing solutions. These customers operate in a number of sub-vertical markets, including wealth management, personal financial management, small business accounting, small business lending and authentication. They use the Envestnet Data & Analytics platform to build solutions that leverage our open APIs and provide access to a large end user base. In addition to aggregated transaction-level account data elements, we provide YI customers with secure access to account verification, money movement and risk assessment tools via our APIs. We play a critical role in transferring innovation from financial technology innovators to financial institutions. For example, YI customers use Yodlee applications to provide working capital to small businesses online, personalized financial management, planning and advisory services; e-commerce payment solutions; and online accounting systems for small businesses. We provide access to our solutions across multiple channels, including web, tablet and mobile.

Both FI and YI channels benefit customers by improving end-user satisfaction and retention, accelerating speed to market, creating technology savings and enhancing their data analytics solutions and market research capabilities. End users receive better access to their financial information and more control over their finances, leading to more informed and personalized decision making. For customers who are members of the developer community, Envestnet Data & Analytics solutions provide access to critical data and payments solutions, faster speed to market and enhanced distribution.

We believe that our brand leadership, innovative technology and intellectual property, large customer base, and unique data gathering and enrichment provide us with competitive advantages that have enabled us to grow.

### Operational Highlights

Asset-based recurring revenues increased 18% from \$134.8 million in the three months ended March 31, 2020 to \$159.4 million in the three months ended March 31, 2021. Subscription-based recurring revenues increased 5% from \$104.6 million in the three months ended March 31, 2020 to \$109.8 million in the three months ended March 31, 2021. Total revenues, which include professional services and other revenues, increased 12% from \$246.5 million in the three months ended March 31, 2020 to \$275.1 million in the three months ended March 31, 2021.

The Envestnet Wealth Solutions segment's total revenues increased by \$28.0 million primarily due to an increase in asset-based revenues of \$24.6 million and an increase in subscription-based revenues of \$3.7 million. The Envestnet Data & Analytics segment's total revenues increased by \$0.6 million primarily due to an increase in subscription-based revenues of \$1.6 million, partially offset by a decrease in professional services and other revenues of \$1.0 million.

Net income attributable to Envestnet, Inc. for the three months ended March 31, 2021 was \$14.9 million, or \$0.27 per diluted share, compared to net loss attributable to Envestnet, Inc. of \$7.3 million, or \$0.14 per diluted share, for the three months ended March 31, 2020.

Adjusted revenues for the three months ended March 31, 2021 were \$275.2 million, compared to adjusted revenues of \$247.0 million in the prior year period. Adjusted EBITDA for the three months ended March 31, 2021 was \$68.3 million, compared to adjusted EBITDA of \$54.6 million in the prior year period. Adjusted net income for the three months ended March 31, 2021 was \$41.9 million, or \$0.64 per diluted share, compared to adjusted net income of \$31.2 million, or \$0.57 per diluted share in the prior year period.

Adjusted revenues, adjusted EBITDA, adjusted net income and adjusted net income per share are non-GAAP financial measures. See "Non-GAAP Financial Measures" for a discussion of our non-GAAP measures and a reconciliation of such measures to the most directly comparable GAAP measures.

### Results of Operations

	Three Months Ended March 31,		Percent Change
	2021	2020	
	(in thousands)		
<b>Revenues:</b>			
Asset-based	\$ 159,375	\$ 134,811	18 %
Subscription-based	109,829	104,551	5 %
Total recurring revenues	269,204	239,362	12 %
Professional services and other revenues	5,901	7,177	(18)%
Total revenues	275,105	246,539	12 %
<b>Operating expenses:</b>			
Cost of revenues	92,869	74,933	24 %
Compensation and benefits	100,714	110,430	(9)%
General and administration	36,315	41,110	(12)%
Depreciation and amortization	28,392	27,683	3 %
Total operating expenses	258,290	254,156	2 %
Income (loss) from operations	16,815	(7,617)	*
Other expense, net	(7,468)	(1,537)	*
Income (loss) before income tax benefit	9,347	(9,154)	*
Income tax benefit	(5,588)	(1,964)	185 %
Net income (loss)	14,935	(7,190)	*
Add: Net (income) loss attributable to non-controlling interest	11	(146)	(108)%
Net income (loss) attributable to Envestnet, Inc.	\$ 14,946	\$ (7,336)	*

\*Not meaningful.



**Three months ended March 31, 2021 compared to three months ended March 31, 2020**

**Asset-based recurring revenues**

Asset-based recurring revenues increased 18% from \$134.8 million in the three months ended March 31, 2020 to \$159.4 million in the three months ended March 31, 2021. The increase was primarily due to an increase in asset values applicable to our quarterly billing cycles in the three months ended March 31, 2021 compared to the three months ended March 31, 2020, the impact of new account growth and positive net flows of AUM/A in the first three months of 2021.

The number of financial advisors with asset-based recurring revenue on our technology platforms remained consistent at approximately 41,000 as of March 31, 2020 and 2021, and the number of AUM/A client accounts increased from approximately 2.2 million as of March 31, 2020 to approximately 2.3 million as of March 31, 2021.

Asset-based recurring revenues increased from 55% of total revenue in the three months ended March 31, 2020 to 58% of total revenue in the three months ended March 31, 2020, primarily due to revenue growth from key institutional clients.

**Subscription-based recurring revenues**

Subscription-based recurring revenue increased 5% from \$104.6 million in the three months ended March 31, 2020 to \$109.8 million in the three months ended March 31, 2021. This increase was primarily due to the combination of an increase of \$3.7 million in the Investnet Wealth Solutions segment, primarily due to new and existing customer growth along with additional revenue from existing customers switching from an asset-based pricing model to a subscription-based pricing model, and an increase of \$1.6 million in the Investnet Data & Analytics segment, primarily due to new and existing customer growth.

**Professional services and other revenues**

Professional services and other revenues decreased 18% from \$7.2 million in the three months ended March 31, 2020 to \$5.9 million in the three months ended March 31, 2021. The decrease was due to timing of the completion of customer projects and deployments.

**Cost of revenues**

Cost of revenues increased 24% from \$74.9 million in the three months ended March 31, 2020 to \$92.9 million in the three months ended March 31, 2021. The increase was primarily due to an increase in asset-based cost of revenues of \$17.6 million, directly correlated with the increase to asset-based recurring revenues during the period. As a percentage of total revenues, cost of revenues increased from 30% in the three months ended March 31, 2020 to 34% in three months ended March 31, 2021, primarily due to shifts in pricing and product mix for asset-based revenues.

**Compensation and benefits**

Compensation and benefits decreased 9% from \$110.4 million in the three months ended March 31, 2020 to \$100.7 million in the three months ended March 31, 2021. The decrease was primarily due to decreases in severance expense of \$9.1 million, salaries, benefits and related payroll taxes of \$2.1 million, non-cash compensation expense of \$1.9 million and miscellaneous employee expenses of \$1.6 million, partially offset by an increase in incentive compensation of \$5.1 million. The decrease in severance expense is primarily related to charges incurred in connection with the Early Retirement Program during the three months ended March 31, 2020. As a percentage of total revenues, compensation and benefits decreased from 45% in the three months ended March 31, 2020 to 37% in the three months ended March 31, 2021, due to a combination of lower severance expenses and increased capitalized labor costs related to internally developed software projects.

**General and administration**

General and administration expenses decreased 12% from \$41.1 million in the three months ended March 31, 2020 to \$36.3 million in the three months ended March 31, 2021. The decrease was primarily due to decreases in travel and entertainment expense of \$3.8 million, miscellaneous general and administration expense of \$2.6 million and bad debt expense of \$0.7 million. These decreases were partially offset by increases in systems development costs of \$2.5 million and professional and legal fees of \$1.3 million. As a percentage of total revenues, general and administration expenses decreased from 17% in the three months ended March 31, 2020 to 13% in the three months ended March 31, 2021 primarily due to decreased travel and entertainment expense as a result of actions taken by us as a result of COVID-19.

#### Depreciation and amortization

Depreciation and amortization expense increased 3% from \$27.7 million in the three months ended March 31, 2020 to \$28.4 million in the three months ended March 31, 2021. The increase was primarily due to an increase in internally developed software amortization expense of \$2.7 million, partially offset by a decrease in intangible asset amortization expense of \$2.3 million. As a percentage of total revenues, depreciation and amortization expense decreased from 11% in the three months ended March 31, 2020 to 10% in the three months ended March 31, 2021.

#### Other expense, net

Other expense, net increased from \$1.5 million in the three months ended March 31, 2020 to \$7.5 million in the three months ended March 31, 2021. During the three months ended March 31, 2020, we recorded a one-time gain of \$4.2 million related to the remeasurement of a previously held interest in an equity method investee that we acquired the remaining outstanding equity for and a one-time gain of \$2.5 million related to a fair value adjustment upon the settlement of a former Chief Executive Officer's stock options. These gains offset our expenses within this line item. In addition, losses from equity method investees increased \$1.3 million in the three months ended March 31, 2021 compared to the three months ended March 31, 2020. This increase in other expenses was partially offset by reduced interest expense of \$1.5 million primarily due to the adoption of ASU 2020-06 on January 1, 2021.

#### Income tax provision (benefit)

	Three Months Ended March 31,	
	2021	2020
Income (loss) before income tax benefit	\$ 9,347	\$ (9,154)
Income tax benefit	(5,588)	(1,964)
Effective tax rate	(59.8)%	21.5 %

For the three months ended March 31, 2021, our effective tax rate differed from the statutory rate primarily due to the increase in the valuation allowance we had placed on a portion of U.S. deferred tax assets, permanent book-tax differences, and the impact of state and local taxes offset by the federal and state R&D credits.

For the three months ended March 31, 2020, our effective tax rate differed from the statutory rate primarily due to the increase in the valuation allowance we had placed on a portion of US deferred tax assets offset by the windfall from stock-based compensation and the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") net operating loss ("NOL") carryback.

#### Segment Results

Business segments are generally organized around our service offerings. Financial information about each of our two business segments is contained in "Note 14—Segment Information" to the condensed consolidated financial statements.

The following table reconciles income (loss) from operations by segment to consolidated net income (loss) attributable to Envestnet, Inc.:

	Three Months Ended March 31,	
	2021	2020
Envestnet Wealth Solutions	\$ 34,197	\$ 11,340
Envestnet Data & Analytics	1,289	(4,585)
Nonsegment operating expenses	(18,671)	(14,372)
Income (loss) from operations	16,815	(7,617)
Other expense, net	(7,468)	(1,537)
Consolidated income (loss) before income tax benefit	9,347	(9,154)
Income tax benefit	(5,588)	(1,964)
Consolidated net income (loss)	14,935	(7,190)
Add: Net (income) loss attributable to non-controlling interest	11	(146)
Consolidated net income (loss) attributable to Envestnet, Inc.	\$ 14,946	\$ (7,336)

**Envestnet Wealth Solutions**

The following table presents income from operations for the Envestnet Wealth Solutions segment:

	Three Months Ended March 31,		Percent Change
	2021	2020	
	(in thousands)		
<b>Revenues:</b>			
Asset-based	\$ 159,375	\$ 134,811	18 %
Subscription-based	64,012	60,323	6 %
Total recurring revenues	223,387	195,134	14 %
Professional services and other revenues	3,023	3,286	(8) %
Total revenues	226,410	198,420	14 %
<b>Operating expenses:</b>			
Cost of revenues	87,432	69,792	25 %
Compensation and benefits	62,854	72,588	(13) %
General and administration	20,699	25,280	(18) %
Depreciation and amortization	21,228	19,420	9 %
Total operating expenses	192,213	187,080	3 %
Income from operations	\$ 34,197	\$ 11,340	*

\*Not meaningful.

**Three months ended March 31, 2021 compared to three months ended March 31, 2020 for the Envestnet Wealth Solutions segment**

**Asset-based recurring revenues**

Asset-based recurring revenues increased 18% from \$134.8 million in the three months ended March 31, 2020 to \$159.4 million in the three months ended March 31, 2021. The increase was primarily due to an increase in asset values applicable to our quarterly billing cycles in the three months ended March 31, 2021 compared to the three months ended March 31, 2020, due to the impact of new account growth and positive net flows of AUM/A in the first three months of 2021.

The number of financial advisors with asset-based recurring revenue on our technology platforms remained consistent at approximately 41,000 as of March 31, 2020 and 2021, and the number of AUM/A client accounts increased from approximately 2.2 million as of March 31, 2020 to approximately 2.3 million as of March 31, 2021.

As a percentage of total revenues, asset-based recurring revenue increased from 68% of total revenue in the three months ended March 31, 2020 to 70% of total revenue in the three months ended March 31, 2021.

**Subscription-based recurring revenues**

Subscription-based recurring revenues increased 6% from \$60.3 million in the three months ended March 31, 2020 to \$64.0 million in the three months ended March 31, 2021, primarily due to continued new and existing customer growth along with additional revenue from existing customers switching from an asset-based pricing model to a subscription-based pricing model.

**Professional services and other revenues**

Professional services and other revenues decreased 8% from \$3.3 million in the three months ended March 31, 2020 to \$3.0 million in the three months ended March 31, 2021. The decrease was primarily due to timing of the completion of customer projects and deployments.

### Cost of revenues

Cost of revenues increased 25% from \$69.8 million in the three months ended March 31, 2020 to \$87.4 million in the three months ended March 31, 2021. The increase was primarily due to an increase in asset-based cost of revenues of \$17.6 million, directly correlated with the increase to asset-based recurring revenues during the period. As a percentage of total revenues, cost of revenues increased from 35% in the three months ended March 31, 2020 to 39% in the three months ended March 31, 2021, primarily due to shifts in pricing and product mix for asset-based revenues.

### Compensation and benefits

Compensation and benefits decreased 13% from \$72.6 million in the three months ended March 31, 2020 to \$62.9 million in the three months ended March 31, 2021. The decrease is primarily due to decreases in severance expense of \$7.9 million, non-cash compensation of \$1.9 million, salaries, benefits and related payroll taxes of \$1.8 million and miscellaneous employee expenses of \$0.6 million. These decreases are partially offset by an increase in incentive compensation of \$2.5 million. The decrease in severance expense is primarily related to charges in connection with the Early Retirement Program during the three months ended March 31, 2020. As a percentage of total revenues, compensation and benefits decreased from 37% in the three months ended March 31, 2020 to 28% in the three months ended March 31, 2021, primarily due to lower severance expenses.

### General and administration

General and administration expenses decreased 18% from \$25.3 million in the three months ended March 31, 2020 to \$20.7 million in the three months ended March 31, 2021. The decrease was primarily due to decreases in travel and entertainment expenses of \$2.7 million, miscellaneous general and administration expenses of \$2.6 million, restructuring charges and transaction costs of \$0.7 million, marketing expense of \$0.6 million, bad debt expense of \$0.5 million and communications, research and data services of \$0.5 million. These decreases were partially offset by increases in systems development costs of \$1.7 million, professional and legal fees of \$1.1 million and occupancy costs of \$0.6 million. As a percentage of total revenues, general and administration expenses decreased from 13% in the three months ended March 31, 2020 to 9% in the three months ended March 31, 2021, primarily due to decreased travel and entertainment expenses and other reduced miscellaneous general & administration expenses resulting from actions taken by us as a result of COVID-19.

### Depreciation and amortization

Depreciation and amortization expense increased 9% from \$19.4 million in the three months ended March 31, 2020 to \$21.2 million in the three months ended March 31, 2021. The increase was primarily due to an increase in internally developed software amortization expense of \$2.0 million, partially offset by a decrease in intangible asset amortization. As a percentage of revenues, depreciation and amortization expense increased from 10% in the three months ended March 31, 2020 to 9% in the three months ended March 31, 2021.

### Investnet Data & Analytics

The following table presents loss from operations for the Investnet Data & Analytics segment:

	Three Months Ended		Percent Change
	2021	2020	
	March 31,		
	(in thousands)		
Revenues:			
Subscription-based	\$ 45,817	\$ 44,228	4 %
Professional services and other revenues	2,878	3,891	(26)%
Total revenues	48,695	48,119	1 %
Operating expenses:			
Cost of revenues	5,437	5,141	6 %
Compensation and benefits	26,289	30,113	(13)%
General and administration	8,516	9,187	(7)%
Depreciation and amortization	7,164	8,263	(13)%
Total operating expenses	47,406	52,704	(10)%
Loss from operations	\$ 1,289	\$ (4,585)	(128)%

*Three months ended March 31, 2021 compared to three months ended March 31, 2020 for the Envestnet Data & Analytics segment*

***Subscription-based recurring revenues***

Subscription-based recurring revenues increased 4% from \$44.2 million in the three months ended March 31, 2020 to \$45.8 million in the three months ended March 31, 2021, primarily due to broad increases in revenue from new and existing customers.

***Professional services and other revenues***

Professional services and other revenues decreased 26% from \$3.9 million in the three months ended March 31, 2020 to \$2.9 million in the three months ended March 31, 2021 primarily due to the timing of the completion of customer projects and deployments.

***Cost of revenues***

Cost of revenues increased 6% from \$5.1 million in the three months ended March 31, 2020 to \$5.4 million in the three months ended March 31, 2021. As a percentage of total revenues, cost of revenues remained consistent at 11% in the three months ended March 31, 2020 compared to the three months ended March 31, 2021.

***Compensation and benefits***

Compensation and benefits decreased 13% from \$30.1 million in the three months ended March 31, 2020 to \$26.3 million in the three months ended March 31, 2021, primarily due to decreases in salaries, benefits, and related payroll taxes of \$2.5 million, non-cash compensation expense of \$1.4 million and miscellaneous employee expenses of \$1.0 million. These decreases were partially offset by an increase in incentive compensation of \$1.1 million. As a percentage of total revenues, compensation and benefits decreased from 63% in the three months ended March 31, 2020 to 54% in the three months ended March 31, 2021. The decrease in compensation and benefits as a percentage of total revenues is primarily driven by increased capitalized labor related costs related to internally developed software for the three months ended March 31, 2021 compared to the three months ended March 31, 2020.

***General and administration***

General and administration expenses decreased 7% from \$9.2 million in the three months ended March 31, 2020 to \$8.5 million in the three months ended March 31, 2021, primarily due to decreases in travel and entertainment expense of \$1.0 million and occupancy costs of \$0.8 million, partially offset by increases in restructuring charges and transaction costs of \$0.9 million and systems development costs of \$0.6 million. As a percentage of total revenues, general and administration expenses decreased from 19% in the three months ended March 31, 2020 to 17% in the three months ended March 31, 2021.

***Depreciation and amortization***

Depreciation and amortization expense decreased 13% from \$8.3 million in the three months ended March 31, 2020 to \$7.2 million in the three months ended March 31, 2021. The decrease is primarily due to a decrease in intangible asset amortization expense of \$1.9 million, partially offset by an increase in internally developed software amortization expense of \$0.6 million. As a percentage of total revenues, depreciation and amortization expense decreased from 17% in the three months ended March 31, 2020 to 15% in the three months ended March 31, 2021.

### Nonsegment

The following table presents nonsegment operating expenses:

	Three Months Ended March 31,		Percent Change
	2021	2020	
	(in thousands)		
Operating expenses:			
Compensation and benefits	\$ 11,571	\$ 7,729	50 %
General and administration	7,100	6,643	7 %
Nonsegment operating expenses	<u>\$ 18,671</u>	<u>\$ 14,372</u>	30 %

### Three months ended March 31, 2021 compared to three months ended March 31, 2020 for Nonsegment

#### Compensation and benefits

Compensation and benefits increased 50% from \$7.7 million in the three months ended March 31, 2020 to \$11.6 million in the three months ended March 31, 2021, primarily due to increases in salaries, benefits and related payroll taxes of \$2.1 million, incentive compensation of \$1.4 million and non-cash compensation expense of \$1.4 million, partially offset by a decrease in severance expense of \$1.2 million.

#### General and administration

General and administration expenses increased 7% from \$6.6 million in the three months ended March 31, 2020 to \$7.1 million in the three months ended March 31, 2021, primarily due to a collection of immaterial increases.

### Non-GAAP Financial Measures

In addition to reporting results according to U.S. generally accepted accounting principles ("GAAP"), we also disclose certain non-GAAP financial measures to enhance the understanding of our operating performance. Those measures include "adjusted revenues," "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 revenues has limitations as a financial measure, should be considered as supplemental in nature and is not meant as a substitute for revenue prepared in accordance with GAAP.

"Adjusted EBITDA" represents net income (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, fair market value adjustment on contingent consideration liability, litigation and regulatory related expenses, foreign currency, non-income tax expense adjustment, gain on acquisition of equity method investment, loss allocation from equity method investments and (income) loss attributable to non-controlling interest.

"Adjusted net income" represents net income before deferred revenue fair value adjustment, accretion on contingent consideration and purchase liability, non-cash interest expense, cash interest on our convertible notes (subsequent to the adoption of ASU 2020-06 on January 1, 2021), non-cash compensation expense, restructuring charges and transaction costs, severance, fair market value adjustment on contingent consideration liability, amortization of acquired intangibles, litigation and regulatory related expenses, foreign currency, non-income tax expense adjustment, gain on acquisition of equity method investment, loss allocation from equity method investments 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 share” represents adjusted net income attributable to common stockholders divided by the diluted number of weighted-average shares outstanding. Beginning January 1, 2021, the dilutive effect of our Convertible Notes are calculated using the if-converted method in accordance with the adoption of ASU 2020-06 (See Part I, “Note 2—Basis of Presentation”). As a result, 9.9 million potential shares to be issued in connection with our Convertible Notes are considered to be dilutive for purposes of the adjusted net income per share calculation beginning January 1, 2021.

Our Board and management use these non-GAAP financial measures:

- As measures of operating performance;
- For planning purposes, including the preparation of annual budgets;
- To allocate resources to enhance the financial performance of our business;
- To evaluate the effectiveness of our business strategies; and
- In communications with our Board concerning our financial performance.

Our Compensation Committee, our Board and our management may also consider adjusted EBITDA, among other factors, when determining management’s incentive compensation.

We also present adjusted revenues, adjusted EBITDA, adjusted net income and adjusted net income per share as supplemental performance measures because we believe that they provide our Board, management and investors with additional information to assess our performance. Adjusted revenues provide comparisons from period to period by excluding the effect of purchase accounting on the fair value of acquired deferred revenue. Adjusted EBITDA provides comparisons from period to period by excluding potential differences caused by variations in the age and book depreciation of fixed assets affecting relative depreciation expense and amortization of internally developed software, amortization of acquired intangible assets, deferred revenue fair value adjustment, income tax provision (benefit), non-income tax expense, restructuring charges and transaction costs, accretion on contingent consideration and purchase liability, severance, fair market value adjustment on contingent consideration liability, litigation and regulatory related expenses, foreign currency, gain on acquisition of equity method investment, loss allocation from equity method investments, (income) loss attributable to non-controlling interest, and changes in interest expense and interest income that are influenced by capital structure decisions and capital market conditions. Our management also believes it is useful to exclude non-cash stock-based compensation expense from adjusted EBITDA and adjusted net income because non-cash equity grants made at a certain price and point in time do not necessarily reflect how our business is performing at any particular time.

We believe adjusted revenues, adjusted EBITDA, adjusted net income and adjusted net income per share are useful to investors in evaluating our operating performance because securities analysts use adjusted revenues, adjusted EBITDA, adjusted net income and adjusted net income per share as supplemental measures to evaluate the overall performance of companies, and we anticipate that our investor and analyst presentations will include adjusted revenues, adjusted EBITDA, adjusted net income and adjusted net income per share.

Adjusted revenues, adjusted EBITDA, adjusted net income and adjusted net income per share are not measurements of our financial performance under GAAP and should not be considered as an alternative to revenues, net income, operating income or any other performance measures derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of our profitability or liquidity.

We understand that, although adjusted revenues, adjusted EBITDA, adjusted net income and adjusted net income per share are frequently used by securities analysts and others in their evaluation of companies, these measures have limitations as an analytical tool, and you should not consider them in isolation, or as a substitute for an analysis of our results as reported under GAAP. In particular you should consider:

- Adjusted revenues, adjusted EBITDA, adjusted net income and adjusted net income per share do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- Adjusted revenues, adjusted EBITDA, adjusted net income and adjusted net income per share do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted revenues, adjusted EBITDA, adjusted net income and adjusted net income per share do not reflect non-cash components of employee compensation;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often will have to be replaced in the future, and adjusted EBITDA does not reflect any cash requirements for such replacements;

- Due to either net losses before income tax expense or the use of federal and state net operating loss carryforwards, we made net tax payments of \$1,879 and \$814 for the three months ended March 31, 2021 and 2020, respectively. In the event that we begin to generate taxable income and our existing net operating loss carryforwards for federal and state income taxes have been fully utilized or have expired, income tax payments will be higher; and
- Other companies in our industry may calculate adjusted revenues, adjusted EBITDA, adjusted net income and adjusted net income per share differently than we do, limiting their usefulness as a comparative measure.

Management compensates for the inherent limitations associated with using adjusted revenues, adjusted EBITDA, adjusted net income and adjusted net income per share through disclosure of such limitations, presentation of our financial statements in accordance with GAAP and reconciliation of adjusted revenues to revenues, the most directly comparable GAAP measure and adjusted EBITDA, adjusted net income and adjusted net income per share to net income and net income per share, the most directly comparable GAAP measure. Further, our management also reviews GAAP measures and evaluates individual measures that are not included in some or all of our non-GAAP financial measures, such as our level of capital expenditures and interest income, among other measures.

The following table sets forth a reconciliation of total revenues to adjusted revenues based on our historical results:

	Three Months Ended	
	March 31,	
	2021	2020
	(in thousands)	
Total revenues	\$ 275,105	\$ 246,539
Deferred revenue fair value adjustment	80	439
Adjusted revenues	\$ 275,185	\$ 246,978

The following table sets forth a reconciliation of net income (loss) to adjusted EBITDA based on our historical results:

	Three Months Ended	
	March 31,	
	2021	2020
	(in thousands)	
Net income (loss)	\$ 14,935	\$ (7,190)
Add (deduct):		
Deferred revenue fair value adjustment	80	439
Interest income	(170)	(391)
Interest expense	4,215	7,134
Accretion on contingent consideration and purchase liability	388	599
Income tax benefit	(5,588)	(1,964)
Depreciation and amortization	28,392	27,683
Non-cash compensation expense	14,137	13,470
Restructuring charges and transaction costs	2,784	2,820
Severance	4,914	13,982
Fair market value adjustment on contingent consideration liability	(140)	—
Litigation and regulatory related expenses	1,709	703
Foreign currency	151	(494)
Non-income tax expense adjustment	(566)	188
Gain on acquisition of equity method investment	—	(4,230)
Loss allocation from equity method investments	3,288	2,030
Income attributable to non-controlling interest	(265)	(201)
Adjusted EBITDA	\$ 68,264	\$ 54,578



The following table sets forth the reconciliation of net income (loss) to adjusted net income and adjusted net income per diluted share based on our historical results:

	Three Months Ended	
	March 31,	
	2021	2020
	(in thousands, except share and per share information)	
Net income (loss)	\$ 14,935	\$ (7,190)
Income tax benefit <sup>(1)</sup>	(5,588)	(1,964)
Income (loss) before income tax benefit	9,347	(9,154)
Add (deduct):		
Deferred revenue fair value adjustment	80	439
Accretion on contingent consideration and purchase liability	388	599
Non-cash interest expense	1,423	2,962
Cash interest - Convertible Notes <sup>(2)</sup>	2,480	—
Non-cash compensation expense	14,137	13,470
Restructuring charges and transaction costs	2,784	2,820
Severance	4,914	13,982
Fair market value adjustment on contingent consideration liability	(140)	—
Amortization of acquired intangibles	16,478	18,758
Litigation and regulatory related expenses	1,709	703
Foreign currency	151	(494)
Non-income tax expense adjustment	(566)	188
Gain on acquisition of equity method investment	—	(4,230)
Loss allocation from equity method investments	3,288	2,030
Income attributable to non-controlling interest	(265)	(201)
Adjusted net income before income tax effect	56,208	41,872
Income tax effect <sup>(3)</sup>	(14,333)	(10,670)
Adjusted net income	\$ 41,875	\$ 31,202
Basic number of weighted-average shares outstanding	54,208,469	53,016,511
Effect of dilutive shares:		
Options to purchase common stock	222,387	664,796
Unvested restricted stock units	562,612	600,567
Convertible notes	9,898,549	235,182
Warrants	76,142	42,551
Diluted number of weighted-average shares outstanding	64,968,159	54,559,607
Adjusted net income per share - diluted	\$ 0.64	\$ 0.57

(1) For the three months ended March 31, 2021 and 2020, the effective tax rate computed in accordance with GAAP equaled (59.8)% and 21.5%, respectively.

(2) Cash interest on the Company's convertible notes included in 2021 only as a result of the adoption of ASU 2020-06 on January 1, 2021 (See Part I, "Note 2—Basis of Presentation").

(3) An estimated normalized effective tax rate of 25.5% has been used to compute adjusted net income for both the three months ended March 31, 2021 and 2020.

Note on Income Taxes: As of December 31, 2020, we had NOL carryforwards of approximately \$242.0 million and \$211.0 million for federal and state income tax purposes, respectively, available to reduce future income subject to income taxes. As a result, the amount of actual cash taxes we pay for federal, state and foreign income taxes differs significantly from the effective income tax rate computed in accordance with GAAP, and from the normalized rate shown above.

The following tables set forth the reconciliation of revenues to adjusted revenues and income (loss) from operations to adjusted EBITDA based on our historical results for each segment for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31, 2021			
	Evestnet Wealth Solutions	Evestnet Data & Analytics	Nonsegment	Total
	(in thousands)			
Revenues	\$ 226,410	\$ 48,695	\$ —	\$ 275,105
Deferred revenue fair value adjustment	80	—	—	80
Adjusted revenues	\$ 226,490	\$ 48,695	\$ —	\$ 275,185
Income (loss) from operations	\$ 34,197	\$ 1,289	\$ (18,671)	\$ 16,815
Add:				
Deferred revenue fair value adjustment	80	—	—	80
Accretion on contingent consideration and purchase liability	342	46	—	388
Depreciation and amortization	21,228	7,164	—	28,392
Non-cash compensation expense	7,829	2,841	3,467	14,137
Restructuring charges and transaction costs	1,365	147	1,272	2,784
Non-income tax expense adjustment	(535)	(31)	—	(566)
Severance	3,087	1,720	107	4,914
Fair market value adjustment on contingent consideration liability	—	(140)	—	(140)
Litigation and regulatory related expenses	—	1,709	—	1,709
Income attributable to non-controlling interest	(265)	—	—	(265)
Other	16	—	—	16
Adjusted EBITDA	\$ 67,344	\$ 14,745	\$ (13,825)	\$ 68,264

	Three Months Ended March 31, 2020			
	Evestnet Wealth Solutions	Evestnet Data & Analytics	Nonsegment	Total
	(in thousands)			
Revenues	\$ 198,420	\$ 48,119	\$ —	\$ 246,539
Deferred revenue fair value adjustment	439	—	—	439
Adjusted revenues	\$ 198,859	\$ 48,119	\$ —	\$ 246,978
Income (loss) from operations	\$ 11,340	\$ (4,585)	\$ (14,372)	\$ (7,617)
Add:				
Deferred revenue fair value adjustment	439	—	—	439
Accretion on contingent consideration and purchase liability	373	226	—	599
Depreciation and amortization	19,420	8,263	—	27,683
Non-cash compensation expense	9,697	4,226	2,071	15,994
Restructuring charges and transaction costs	1,189	185	1,446	2,820
Non-income tax expense adjustment	250	(62)	—	188
Severance	11,002	1,660	1,320	13,982
Litigation and regulatory related expenses	—	703	—	703
Income attributable to non-controlling interest	(201)	—	—	(201)
Other	(12)	—	—	(12)
Adjusted EBITDA	\$ 53,497	\$ 10,616	\$ (9,535)	\$ 54,578

## Liquidity and Capital Resources

As of March 31, 2021, we had total cash and cash equivalents of \$372.0 million compared to \$384.6 million as of December 31, 2020. We plan to use existing cash as of March 31, 2021, cash generated in the ongoing operations of our business and amounts under our revolving credit facility to fund our current operations, capital expenditures and possible acquisitions or other strategic activity, and to meet our debt service obligations. If the cash generated in the ongoing operations of our business is insufficient to fund these requirements, we may be required to borrow under our revolving credit facility or incur additional debt to fund our ongoing operations or to fund potential acquisitions or other strategic activities. As of March 31, 2021, we had \$500.0 million available to borrow under our revolving credit facility, subject to covenant compliance.

### Cash Flows

The following table presents information regarding our cash flows and cash, cash equivalents and restricted cash for the periods indicated:

	Three Months Ended March 31,	
	2021	2020
	(in thousands)	
Net cash provided by operating activities	\$ 49,809	\$ 8,988
Net cash used in investing activities	(50,175)	(45,689)
Net cash (used in) provided by financing activities	(12,170)	24,211
Effect of exchange rate on changes on cash	(52)	(1,496)
Net decrease in cash, cash equivalents and restricted cash	(12,588)	(13,986)
Cash, cash equivalents and restricted cash, end of period	372,126	68,769

### Operating Activities

Net cash provided by operating activities for the three months ended March 31, 2021 was \$49.8 million compared to net cash provided by operating activities of \$9.0 million for the same period in 2020. The increase was primarily due to:

- An increase in pre-tax income period over period of \$18.5 million;
- The recognition of a one-time \$4.2 million gain in 2020 related to the revaluation of the company's interest in a privately-held company; and
- An increase in the change in operating assets and liabilities of \$19.7 million which is primarily timing related.

### Investing Activities

Net cash used in investing activities for the three months ended March 31, 2021 was \$50.2 million compared to net cash used in investing activities of \$45.7 million for the same period in 2020. Contributing to the increase were an increase in net cash disbursements of \$25.5 million for proprietary technology and the related redemption of our equity interest in a privately held company, \$4.9 million of increased purchases of property and equipment and an additional \$3.5 million of internally developed software costs capitalized in 2021 as compared to the same period in 2020. These increases were partially offset by \$29.4 million of decreased investments related to acquisitions and investments in privately held companies.

### Financing Activities

Net cash used in financing activities for the three months ended March 31, 2021 was \$12.2 million compared to net cash provided by financing activities of \$24.2 million for the same period in 2020. On a year over year basis, our revolver activity resulted in an additional \$30.0 million of net cash outflows. Lower proceeds from stock option exercises of \$2.9 million and share repurchases of \$1.7 million in the current year period also contributed to this decrease.

## Commitments and Off-Balance Sheet Arrangements

### Purchase Obligations and Indemnifications

See "Part I, Item 1, Note 16—Commitments and Contingencies, Purchase Obligations and Indemnifications" for purchase obligations and indemnifications details.

### *Legal Proceedings*

See "Part I, Item 1, Note 16—Commitments and Contingencies, Legal Proceedings" for legal proceedings details.

### **Critical Accounting Policies and Estimates**

The preparation of financial statements and related disclosures in conformity with GAAP requires us to make judgments, assumptions, and estimates that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. "Note 2—Summary of Significant Accounting Policies" to the consolidated financial statements in our 2020 Form 10-K describes the significant accounting policies and methods used in the preparation of the consolidated financial statements. Our critical accounting estimates, identified in Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of our 2020 Form 10-K include, but are not limited to, the discussion of estimates used for recognition of revenues, the determination of the period of benefit for deferred sales incentive commissions, purchase accounting, impairment of goodwill and acquired intangible assets and income taxes. Such accounting policies and estimates require significant judgments and assumptions to be used in the preparation of the condensed consolidated financial statements, and actual results could differ materially from the amounts reported.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There has been no material change in the market risk, foreign currency risk or interest rate risk discussed in Part II, Item 7A of our 2020 Form 10-K.

### **Item 4. Controls and Procedures**

#### *Disclosure Controls and Procedures*

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2021. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on their evaluation of our disclosure controls and procedures as of March 31, 2021, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective.

#### *Changes in Internal Control Over Financial Reporting*

There were no changes to our internal control over financial reporting during the three months ended March 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## **PART II — OTHER INFORMATION**

### **Item 1. Legal Proceedings**

The information in Part I, Note 16—Commitments and Contingencies - Legal Proceedings is incorporated herein by reference.

### **Item 1A. Risk Factors**

Investment in our securities involves risk. An investor or potential investor should consider the risks summarized below and under the caption "Risk Factors" in Part I, Item 1A of our 2020 Form 10-K when making investment decisions regarding our securities. The risk factors that were disclosed in our 2020 Form 10-K have not materially changed since the date our 2020 Form 10-K was filed.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds****(c) Issuer Purchases of Equity Securities**

On February 25, 2016, we announced that our Board had authorized a share repurchase program under which we may repurchase up to 2,000,000 shares of our common stock. The following purchases of equity securities were made under the share repurchase program in the three months ended March 31, 2021:

	Total number of shares purchased	Average price paid per share <sup>(1)</sup>	Total number of shares purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs
January 1, 2021 through January 31, 2021	—	\$ —	—	1,956,390
February 1, 2021 through February 28, 2021	—	—	—	1,956,390
March 1, 2021 through March 31, 2021	24,227	68.99	24,227	1,932,163

(1) Excludes fees, commissions and other costs

The timing and volume of share repurchases will be determined by our management based on ongoing assessments of the capital needs of the business, the market price of our common stock and general market conditions. No time limit has been set for the completion of the repurchase program, and the program may be suspended or discontinued at any time. The repurchase program authorizes the Company to purchase its common stock from time to time in the open market (including pursuant to a "Rule 10b5-1 plan"), in block transactions, in privately negotiated transactions, through accelerated stock repurchase programs, through option or other forward transactions or otherwise, all in compliance with applicable laws and other restrictions.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits****(a) Exhibits**

See the exhibit index, which is incorporated herein by reference.

INDEX TO EXHIBITS

Exhibit No.	Description
10.1	<a href="#">Form of Restricted Stock Unit Grant Award Agreement for Non-Employee Directors under the Envestnet, Inc. 2010 Long-Term Incentive Plan, filed herewith.**</a>
10.2	<a href="#">Form of Restricted Stock Unit Grant Award Agreement under the Envestnet, Inc. 2010 Long-Term Incentive Plan (for awards granted in 2021), filed herewith.**</a>
10.3	<a href="#">Form of Performance-Based Restricted Stock Unit Grant Award Agreement under the Envestnet, Inc. 2010 Long-Term Incentive Plan (for awards granted in 2021), filed herewith.**</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1	<a href="#">Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2	<a href="#">Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document *
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document *
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document *
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document *
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document *
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* The following materials are formatted in Inline XBRL (Extensible Business Reporting Language): (i) the cover page; (ii) the Condensed Consolidated Balance Sheets as of March 31, 2021 and December 31, 2020; (iii) the Condensed Consolidated Statements of Operations for the three months ended March 31, 2021 and 2020; (iv) the Condensed Consolidated Statement of Comprehensive Income (Loss) for the three months ended March 31, 2021 and 2020; (v) the Condensed Consolidated Statements of Stockholders' Equity for the three months ended March 31, 2021 and 2020; (vi) the Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2021 and 2020; (vii) Notes to Condensed Consolidated Financial Statements tagged as blocks of text.

\*\* Management contract or compensation plan.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on May 7, 2021.

**ENVESTNET, INC.**

By: \_\_\_\_\_  
*/s/ William C. Crager*  
**William C. Crager**  
*Chief Executive Officer*  
*Principal Executive Officer*

By: \_\_\_\_\_  
*/s/ Peter H. D'Arrigo*  
**Peter H. D'Arrigo**  
*Chief Financial Officer*  
*Principal Financial Officer*

By: \_\_\_\_\_  
*/s/ Matthew J. Majoros*  
**Matthew J. Majoros**  
*Senior Vice President, Financial Reporting*  
*Principal Accounting Officer*

**Restricted Stock Unit Grant Award Agreement  
Under the Envestnet, Inc. 2010 Long-Term Incentive Plan**

THIS AGREEMENT is effective as of the Grant Date (as defined in Section 1), and is by and between the Participant and Envestnet, Inc. (the "Company").

WHEREAS, the Company maintains the Envestnet, Inc. 2010 Long-Term Incentive Plan (the "Plan"), and the Participant has been selected by the committee administering the Plan (the "Committee") to receive a Restricted Stock Unit Award under the Plan; and

NOW, THEREFORE, IT IS AGREED, by and between the Company and the Participant, as provided as follows in this Restricted Stock Unit Award Agreement (the "Agreement"). The Restricted Stock Unit Award is in all respects subject to the terms, definitions and provisions of the Plan and the Agreement. Unless the context clearly provides otherwise, the capitalized terms herein shall have the meaning ascribed to such terms under the Plan.

1. Restricted Stock Unit Award Terms. The following words and phrases used in this Agreement shall have the meanings set forth in this Section 1:

(A) Participant: The "Participant" is

(B) Grant Date:

(C) Total Restricted Stock Units: Units (the "RSUs")

Each granted "Unit" represents the right to receive one share of Stock, subject to the terms and conditions of this Agreement and the Plan.

(D) Settlement Date: The "Settlement Date" shall be the date determined by the Company between date that the Restricted Period ends with respect to such RSU pursuant to Section 2 or 3, and the sixty-day (60) day anniversary of such date.

2. Restricted Period. Subject to Section 3 below, with respect to the RSUs, the "Restricted Period" for the RSUs shall begin on the Grant Date and shall end on the dates specified in Exhibit A (each such date that the Restricted Period ends with respect to one or more RSUs referred to as "Vesting Date" and the last Vesting Date listed referred to as the "Final Vesting Date"); provided, however, in the event of a Vesting Change in Control prior to the Final Vesting Date, the Restricted Period shall end for all RSUs for which it has not previously ended and which have not previously been forfeited. The Committee, in its sole discretion, may accelerate the end of the Restricted Period.

3. Termination of Services. Except as provided in this Section 3, any portion of RSUs for which the Restricted Period has not ended prior to or upon the Participant's Termination Date shall be forfeited. If the Participant incurs a termination due to Disability or death (a "Vesting Termination") prior to the Final Vesting Date, then the Restricted Period shall end with respect to all such RSUs as of such Termination Date. All RSUs that do not vest in accordance with the foregoing, shall be immediately forfeited.

Notwithstanding the foregoing, in the event the Participant incurs a termination for any reason other than a Vesting Termination, the Participant shall immediately forfeit his or her right to any vesting of any RSUs for which the Restricted Period has not ended as of such Termination Date. Notwithstanding anything in the contrary in any agreement between the Participant and the Company or a subsidiary, the Participant acknowledges and agrees that the RSUs shall vest (and the Restricted Period shall end) only as provided by, and subject to the terms of, this Agreement and the Plan.

4. Settlement Date. On the Settlement Date, the Participant shall receive a number of shares of Stock in settlement of the RSUs. The number of shares of Stock that the Participant shall receive on the Settlement Date shall equal the number of RSUs (which have not previously been forfeited or cancelled) for which the Restricted Period ended with respect to the most recent Vesting Date. Shares of Stock received by the Participant pursuant to this Section 3 shall be free of restrictions otherwise imposed by this Agreement and the Plan; provided, however that the shares of Stock shall remain subject to the terms of this Agreement expressly applicable after such Settlement Date (including, without limitation, Section 8). As of the Settlement Date following the Final Vesting Date and settlement of the RSUs pursuant to this Section 4, all Units (which have not previously been forfeited or cancelled) shall be cancelled.

5. Dividends. To the extent that the RSUs have not otherwise been forfeited or cancelled prior to the Settlement Date, the Participant will be paid a cash payment on the Settlement Date equal to the number of shares of Stock delivered pursuant to Section 4 multiplied by the total amount of dividend payments made in relation to one share of Stock with respect to record dates occurring during the period between the Grant Date and the Settlement Date.

6. Change in Control. In the event of a Change in Control on or prior to the Final Vesting Date, the Company, or the entity that is the surviving entity or successor to the Company following such transaction, may elect (a) to continue this Restricted Stock Unit Award subject to the terms of this Agreement and the Plan as described in this Section 6 and subject to such adjustments, if any, by the



Committee as permitted by Section 4.3 of the Plan; or (b) to terminate this Restricted Stock Unit Award and distribute shares of Stock within sixty days following such Change in Control. In the event that the Company or its successor chooses to terminate this award and make a distribution of shares of Stock as provided in clause (b) of the previous sentence (in which case the Change in Control is a "Vesting Change in Control"), the payment amount attributable to dividends as described in and determined pursuant to Section 5 shall be determined as if the date of the Vesting Change in Control were the Settlement Date and the number of shares of Stock to be delivered pursuant to Section 4 shall be calculated as if the date of such Vesting Change in Control were the Settlement Date, and the shares of Stock received by a Participant pursuant to this Section 6 shall be free of restrictions otherwise imposed by this Agreement and the Plan; provided, however that the shares of Stock shall remain subject to the terms of this Agreement expressly applicable after the Settlement Date.

7. Section 409A of the Code. The distribution of shares of Stock made pursuant to this Agreement are intended to be interpreted and operated to the fullest extent possible so that such distributions shall be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). It is intended that the distribution of shares of Stock will in any event be made pursuant to the terms of this Agreement to the Participant within the period necessary to satisfy the exemption from Section 409A of the Code for short-term deferrals set forth in Treas. Reg. §1.409A-1(b)(4)(i) (which generally requires that payment be made not later than the fifteenth day of the third month after the end of the year in which the amount is no longer subject to a substantial risk of forfeiture as defined for purposes of Section 409A of the Code). To the extent that the distributions of shares of Stock made pursuant to this Agreement are deferred compensation subject to (but not otherwise exempt from) Section 409A of the Code, this Agreement is intended to be interpreted and operated to the fullest extent possible so that the distribution of share of Stock pursuant to this Agreement shall comply with the requirements of Section 409A of the Code.
8. Transferability. This Restricted Stock Unit Award is not transferable except as designated by the Participant by will or by the laws of descent and distribution or, to the extent provided by the Committee, pursuant to a qualified domestic relations order (within the meaning of the Code and applicable rules thereunder). Notwithstanding the foregoing, the Committee may permit the Restricted Stock Unit Award to be transferred to or for the benefit of the Participant's family (including, without limitation, to a trust or partnership for the benefit of the Participant's family), subject to such procedures as the Committee may establish.
9. Adjustment of Award. The number and type of shares of Stock subject to this Restricted Stock Unit Award will or may be adjusted in accordance with the Plan to reflect certain corporate transactions which affect the number, type or value of such shares.
10. No Implied Rights. Neither the Plan nor this Restricted Stock Unit Award constitutes a contract of employment or continued service and does not give the Participant the right to be retained in the employ or service of the Company or any Related Company, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan or this Restricted Stock Unit Award. Except as otherwise provided in the Plan or this Restricted Stock Unit Award, no Award under the Plan shall confer upon the holder thereof any right as a stockholder of the Company prior to the date on which he fulfills all service requirements and other conditions for receipt of such rights and shares of Stock are registered in his name.
11. Plan Governs. This Restricted Stock Unit Award shall be subject to all of the terms and conditions of the Plan, a copy of which may be obtained from the Secretary of the Company.
12. Amendment and Termination. The Board may, at any time, amend or terminate the Plan, and the Board or the Committee may amend the Agreement, provided that no amendment or termination may, in the absence of written consent to the change by the Participant (or, if the Participant is not then living, the affected Beneficiary), adversely affect the rights of any Participant or Beneficiary under this Restricted Stock Unit Award. Adjustments pursuant to subsection 4.3 of the Plan shall not be subject to the foregoing limitations. It is the intention of the Company that, to the extent that any provisions of this Plan or this Restricted Stock Unit Award are subject to Section 409A of the Code, the Plan and this Restricted Stock Unit Award comply with the requirements of Section 409A of the Code and that the Board shall have the authority to amend the Plan and this Agreement as it deems necessary to conform to Section 409A of the Code. This Agreement and the Plan set forth the entire understanding of the agreement between the Company and the Participant with respect to this Restricted Stock Unit Award and supersede any prior written or oral agreements with respect thereto.
13. Applicable Law. The Plan and this Restricted Stock Unit Award shall be construed in accordance with the laws of the State of Delaware

**Restricted Stock Unit Grant Award Agreement  
Under the Envestnet, Inc. 2010 Long-Term Incentive Plan**

THIS AGREEMENT is effective as of the Grant Date (as defined in Section 1), and is by and between the Participant and Envestnet, Inc. (the "Company").

WHEREAS, the Company maintains the Envestnet, Inc. 2010 Long-Term Incentive Plan (the "Plan"), and the Participant has been selected by the committee administering the Plan (the "Committee") to receive a Restricted Stock Unit Award under the Plan; and

NOW, THEREFORE, IT IS AGREED, by and between the Company and the Participant, as provided as follows in this Restricted Stock Unit Award Agreement (the "Agreement"). The Restricted Stock Unit Award is in all respects subject to the terms, definitions and provisions of the Plan and the Agreement. Unless the context clearly provides otherwise, the capitalized terms herein shall have the meaning ascribed to such terms under the Plan.

1. Restricted Stock Unit Award Terms. The following words and phrases used in this Agreement shall have the meanings set forth in this Section 1:

(A) Participant: The "Participant" is

(B) Grant Date:

(C) Total Restricted Stock Units: Units (the "RSUs")

Each granted "Unit" represents the right to receive one share of Stock, subject to the terms and conditions of this Agreement and the Plan.

(D) Settlement Date: The "Settlement Date" shall be the date determined by the Company between the date that the Restricted Period ends with respect to such RSU pursuant to Section 2 or 3, and the sixty (60) day anniversary of such date.

2. Restricted Period. Subject to Section 3 below, with respect to the RSUs, the "Restricted Period" for the RSUs shall begin on the Grant Date and shall end on the dates specified in Exhibit A (each such date that the Restricted Period ends with respect to one or more RSUs referred to as a "Vesting Date" and the last Vesting Date listed referred to as the "Final Vesting Date"); provided, however, in the event of a Vesting Change in Control (defined below) prior to the Final Vesting Date, the Restricted Period shall end for all RSUs for which it has not previously ended and which have not previously been forfeited. The Committee, in its sole discretion, may accelerate the end of the Restricted Period.

3. Termination of Employment. Except as provided in this Section 3, any portion of RSUs for which the Restricted Period has not ended prior to or upon the Participant's Termination Date shall be forfeited. For clarity, Participant's right to vest in the RSUs will end on the Termination Date and will not be extended by any notice period (e.g., the Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction in which the Participant is employed or providing service or the terms of the Participant's employment or service agreement, if any); the Committee or its delegate shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the RSUs (including whether the Participant may still be considered to be providing services while on a leave of absence). If the Participant incurs a termination due to Disability or death (a "Vesting Termination") prior to the Final Vesting Date, then the Restricted Period shall end with respect to all such RSUs as of such Termination Date. All RSUs that do not vest in accordance with the foregoing, shall be immediately forfeited.

Notwithstanding the foregoing, in the event the Participant incurs a termination for any reason other than a Vesting Termination, the Participant shall immediately forfeit his or her right to any vesting of any RSUs for which the Restricted Period has not ended as of such Termination Date. Notwithstanding anything to the contrary in any agreement between the Participant and the Company or a Related Company, the Participant acknowledges and agrees that the RSUs shall vest (and the Restricted Period shall end) only as provided by, and subject to the terms of, this Agreement and the Plan.

4. Settlement Date. On the Settlement Date, the Participant shall receive a number of shares of Stock in settlement of the RSUs. The number of shares of Stock that the Participant shall receive on the Settlement Date shall equal the number of RSUs (which have not previously been forfeited or cancelled) for which the Restricted Period ended with respect to the most recent Vesting Date. Shares of Stock received by the Participant pursuant to this Section 4 shall be free of restrictions otherwise imposed by this Agreement and the Plan; provided, however that the shares of Stock shall remain subject to the terms of this Agreement expressly applicable after such Settlement Date (including, without limitation, Section 8). As of the Settlement Date following the Final Vesting Date and settlement of the RSUs pursuant to this Section 4, all Units (which have not previously been forfeited or cancelled) shall be cancelled. If the Participant works or resides outside the United States, the Company, in its sole discretion, may require the Participant to sell shares of Stock received in settlement of the RSUs immediately or within a specified period following Participant's Termination Date (in which case, this Restricted Stock Unit Agreement shall give the Company the authority to issue sales instructions on the Participant's behalf).

5. Dividends. To the extent that the RSUs have not otherwise been forfeited or cancelled prior to the Settlement Date, the Participant will be paid a cash payment on the Settlement Date equal to the number of shares of Stock delivered pursuant to Section 4 multiplied by the total amount of dividend payments made in relation to one share of Stock with respect to record dates occurring during the period between the Grant Date and the Settlement Date.
  6. Change in Control. In the event of a Change in Control on or prior to the Final Vesting Date, the Company, or the entity that is the surviving entity or successor to the Company following such transaction, may elect (a) to continue this Restricted Stock Unit Award subject to the terms of this Agreement and the Plan as described in this Section 6 and subject to such adjustments, if any, by the Committee as permitted by Section 4.3 of the Plan; or (b) to terminate this Restricted Stock Unit Award and distribute shares of Stock within sixty (60) days following such Change in Control. In the event that the Company or its successor chooses to terminate this award and make a distribution of shares of Stock as provided in clause (b) of the previous sentence (in which case the Change in Control is a "Vesting Change in Control"), the payment amount attributable to dividends as described in and determined pursuant to Section 5 shall be determined as if the date of the Vesting Change in Control were the Settlement Date and the number of shares of Stock to be delivered pursuant to Section 4 shall be calculated as if the date of such Vesting Change in Control were the Settlement Date, and the shares of Stock received by a Participant pursuant to this Section 6 shall be free of restrictions otherwise imposed by this Agreement and the Plan; provided, however that the shares of Stock shall remain subject to the terms of this Agreement expressly applicable after the Settlement Date (including, without limitation, Section 8).
  7. Section 409A of the Code. The distribution of shares of Stock made pursuant to this Agreement are intended to be interpreted and operated to the fullest extent possible so that such distributions shall be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). It is intended that the distribution of shares of Stock will in any event be made pursuant to the terms of this Agreement to the Participant within the period necessary to satisfy the exemption from Section 409A of the Code for short-term deferrals set forth in Treas. Reg. §1.409A-1(b)(4)(i) (which generally requires that payment be made not later than the fifteenth day of the third month after the end of the year in which the amount is no longer subject to a substantial risk of forfeiture as defined for purposes of Section 409A of the Code). To the extent that the distributions of shares of Stock made pursuant to this Agreement are deferred compensation subject to (but not otherwise exempt from) Section 409A of the Code, this Agreement is intended to be interpreted and operated to the fullest extent possible so that the distribution of shares of Stock pursuant to this Agreement shall comply with the requirements of Section 409A of the Code.
  8. Clawback Policy. Notwithstanding anything in this Agreement to the contrary, in consideration for the grant of this Restricted Stock Unit Award, the Participant acknowledges and agrees that he or she is subject to the Envestnet, Inc. Clawback Policy (the "Clawback Policy") and that the Participant's rights with respect to this Restricted Stock Unit Award and any other Covered Awards (as defined in the Clawback Policy) granted to the Participant shall be subject to Clawback Policy as amended from time to time.
  9. Withholding. The Participant acknowledges that, regardless of any action taken by the Company or, if different, the Related Company for which the Participant provides service (the "Employer"), the ultimate liability for all income tax, social insurance contributions, payroll tax, fringe benefits tax, payment on account, and other tax-related items related to the Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items") is and remains the Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant, earning or settlement of the RSUs, the subsequent sale of shares of Stock acquired pursuant to such settlement and the receipt of any dividends or other distributions paid on the Stock, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Unless otherwise determined by the Committee, any applicable withholding required with respect to this Restricted Stock Unit Award shall be satisfied through the surrender of shares of Stock to which the Participant is otherwise entitled under the Plan; provided, however, that the amount withheld in the form of shares of Stock to which the Participant is entitled under the Plan may not exceed the maximum individual tax rate for the Participant in applicable jurisdictions for such Participant (based on the applicable rates of the relevant tax authorities (for example, federal, state and local), including the Participant's share of payroll or similar taxes, as provided in tax law, regulations, or the authority's administrative practices, not to exceed the highest statutory rate in that jurisdiction, even if that rate exceeds the highest rate that may be applicable to the specific Participant. Further, the Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items not satisfied consistent with the prior sentence by one or a combination of the following: (i) withholding from wages or other cash compensation payable to the Participant by the Company or the Employer; (ii) withholding from proceeds of the sale of Stock to be issued upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent); and (iii) any other method acceptable to the Company and permitted under the Plan and applicable laws. If the obligation for Tax-Related Items is satisfied by withholding in shares of Stock, the Participant is deemed to have been issued the full number of shares of Stock subject to the vested RSUs, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items. The Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to deliver the shares of Stock or the proceeds of the sale of shares of Stock if the Participant fails to comply with the Participant's obligations for Tax-Related Items.
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10. Transferability. This Restricted Stock Unit Award is not transferable except as designated by the Participant by will or by the laws of descent and distribution or, to the extent provided by the Committee, pursuant to a qualified domestic relations order (within the meaning of the Code and applicable rules thereunder). Notwithstanding the foregoing, the Committee may permit the Restricted Stock Unit Award to be transferred to or for the benefit of the Participant's family (including, without limitation, to a trust or partnership for the benefit of the Participant's family), subject to such procedures as the Committee may establish.
11. Adjustment of Award. The number and type of shares of Stock subject to this Restricted Stock Unit Award will or may be adjusted in accordance with the Plan to reflect certain corporate transactions which affect the number, type or value of such shares.
12. No Implied Rights. Neither the Plan nor this Restricted Stock Unit Award constitutes a contract of employment or continued service and does not give the Participant the right to be retained in the employ or service of the Company or any Related Company, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan or this Restricted Stock Unit Award. Except as otherwise provided in the Plan or this Restricted Stock Unit Award, no Award under the Plan shall confer upon the holder thereof any right as a stockholder of the Company prior to the date on which he fulfills all service requirements and other conditions for receipt of such rights and shares of Stock are registered in his name.
13. Data Privacy.

Data Privacy Consent. The Participant hereby declares that the Participant agrees with the data processing practices described herein and consents to the collection, processing and use of Personal Data (as defined below) by the Company and the Employer, and the transfer of Personal Data to the recipients mentioned herein, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described herein.

Declaration of Consent. The Participant understands that the Participant must review the following information about the processing of Personal Data by or on behalf of the Company or the Employer as described in the Agreement and any materials related to the Participant's eligibility to participate in the Plan and declares the Participant's consent. As regards to the processing of the Participant's Personal Data in connection with the Plan, the Participant understands that the Company is the controller of the Participant's Personal Data.

Data Processing and Legal Basis. The Company collects, uses and otherwise processes certain information about the Participant for purposes of implementing, administering and managing the Plan. The Participant understands that this information may include, without limitation, the Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of Stock or directorships held in the Company or its subsidiaries, details of all equity awards or any other entitlement to shares of Stock or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor (the "Personal Data"). The legal basis for the processing of the Participant's Personal Data, where required, is the Participant's consent.

Stock Plan Administration Service Providers. The Participant understands that the Company transfers the Participant's Personal Data, or parts thereof, to the Designated Broker (as defined below), an independent service provider based in the U.S., which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select different service providers and share the Participant's Personal Data with such different service providers that serve the Company in a similar manner. The Company's service providers will open an account for the Participant to receive and trade shares of Stock acquired under the Plan and the Participant may be asked to agree on separate terms and data processing practices with the service provider, which is a condition of any ability to participate in the Plan.

International Data Transfers. The Company and, as of the date hereof, any third parties assisting in the implementation, administration and management of the Plan, such as Fidelity Stock Plan Services, LLC and its affiliates (the "Designated Broker"), are based in the U.S. If the Participant is located outside the U.S., the Participant's country may have enacted data privacy laws that are different from the laws of the U.S. The Company's legal basis for the transfer of Personal Data is the Participant's consent.

Data Retention. The Company will process the Participant's Personal Data only as long as is necessary to implement, administer and manage the Participant's participation in the Plan, or to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws. In the latter case, the Participant understands and acknowledges that the Company's legal basis for the processing of the Participant's Personal Data would be compliance with the relevant laws or regulations. When the Company no longer needs Personal Data for any of the above purposes, the Participant understands that the Company will remove it from its systems.

Voluntariness and Consequences of Denial/Withdrawal of Consent. The Participant understands that any participation in the Plan and the Participant's consent are purely voluntary. The Participant may deny or later withdraw the Participant's consent at any time, with future effect and for any or no reason. If the Participant denies or later withdraws the Participant's consent, the Company cannot offer participation in the Plan or grant RSUs or other equity awards to the Participant or administer or maintain such awards, and the Participant will not be eligible to participate in the Plan. The Participant further understands that denial or withdrawal of the

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Participant's consent would not affect the Participant's relationship with the Company and/or the Participant's Employer and that the Participant would merely forfeit the opportunities associated with the Plan.

Data Subject Rights. The Participant understands that data subject rights regarding the processing of personal data vary depending on the applicable law and that, depending on where the Participant is based and subject to the conditions set out in the applicable law, the Participant may have, without limitation, the rights to (i) inquire whether and what kind of Personal Data the Company holds about the Participant and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data about the Participant that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing, (iv) request the Company to restrict the processing of the Participant's Personal Data in certain situations where the Participant feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, and to (vi) request portability of the Participant's Personal Data that the Participant has actively or passively provided to the Company (which does not include data derived or inferred from the collected data), where the processing of such Personal Data is based on consent or the Participant's relationship with the Company and/or the Employer and is carried out by automated means. In case of concerns, the Participant also may have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, the Participant's rights, the Participant understands the Participant should contact the Participant's local human resources representative.

14. Country Specific Provisions. Notwithstanding any provisions in this Agreement, the RSUs shall be subject to any additional terms and conditions set forth in the Appendix to this Agreement for the Participant's country. Moreover, if the Participant relocates to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to the Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). The Appendix constitutes part of this Agreement.

15. Nature of Grant.

In accepting the RSUs, the Participant acknowledges, understands and agrees that:

- i. the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- ii. the award of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;
- iii. all decisions with respect to future RSUs or other Awards, if any, will be at the sole discretion of the Company;
- iv. the award of RSUs and the Participant's participation in the Plan shall not be interpreted as forming or amending an employment or service contract with the Company or the Employer, and shall not interfere with the ability of the Company, the Employer or any other subsidiary or affiliate, as applicable, to terminate the Participant's employment relationship (if any);
- v. the Participant is voluntarily participating in the Plan;
- vi. the RSUs and the shares of Stock subject to the RSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;
- vii. the RSUs and the shares of Stock subject to the RSUs, and the income from and value of same, are not part of normal or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;
- viii. the future value of the underlying shares of Stock is unknown, indeterminable and cannot be predicted with certainty;
- ix. no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the termination of the Participant's employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any); and
- x. neither the Company nor the Employer shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to the Participant pursuant to the settlement of the RSUs or the subsequent sale of any shares of Stock acquired upon settlement.

16. Plan Governs. This Restricted Stock Unit Award shall be subject to all of the terms and conditions of the Plan, a copy of which may be obtained from the Secretary of the Company.

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17. Severability. The provisions of the Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
  18. Waiver. The waiver by the Company with respect to the Participant's (or any other Participant's) compliance of any provision of the Agreement shall not operate or be construed as a waiver of any other provision of the Agreement, or of any subsequent breach by such party of a provision of the Agreement.
  19. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the RSUs and on any shares of Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
  20. Compliance with Law. Notwithstanding any other provision of the Plan or the Agreement, unless there is an exemption from any registration, qualification or other legal requirement applicable to the shares of Stock, the Company shall not be required to deliver any shares issuable upon settlement of the RSU prior to the completion of any registration or qualification of the shares under any U.S. or non-U.S. local, state or federal securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any U.S. or non-U.S. local, state or federal governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. The Participant understands that the Company is under no obligation to register or qualify the shares with the SEC or any state or non-U.S. securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, the Participant agrees that the Company shall have unilateral authority to amend the Agreement without the Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.
  21. Exchange Control, Foreign Asset/Account and/or Tax Reporting. Depending upon the country to which laws the Participant is subject, the Participant may have certain foreign asset/account and/or tax reporting requirements that may affect the Participant's ability to acquire or hold shares of Stock under the Plan or cash received from participating in the Plan (including from any dividends or sale proceeds arising from the sale of shares of Stock) in a brokerage or bank account outside the Participant's country of residence. The Participant's country may require that the Participant report such accounts, assets or transactions to the applicable authorities in the Participant's country. The Participant also may be required to repatriate cash received from participating in the Plan to the Participant's country within a certain period of time after receipt. The Participant is responsible for knowledge of and compliance with any such regulations and should speak with the Participant's personal tax, legal and financial advisors regarding same.
  22. Language. The Participant acknowledges that the Participant is proficient in the English language, or that the Participant has consulted with an advisor who is proficient in the English language, so as to enable the Participant to understand the provisions of this Agreement and the Plan. If the Participant has received the Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
  23. Amendment and Termination. The Board may, at any time, amend or terminate the Plan, and the Board or the Committee may amend the Agreement, provided that no amendment or termination may, in the absence of written consent to the change by the Participant (or, if the Participant is not then living, the affected Beneficiary), adversely affect the rights of any Participant or Beneficiary under this Restricted Stock Unit Award. Adjustments pursuant to subsection 4.3 of the Plan shall not be subject to the foregoing limitations. It is the intention of the Company that, to the extent that any provisions of this Plan or this Restricted Stock Unit Award are subject to Section 409A of the Code, the Plan and this Restricted Stock Unit Award comply with the requirements of Section 409A of the Code and that the Board shall have the authority to amend the Plan and this Agreement as it deems necessary to conform to Section 409A of the Code. This Agreement and the Plan set forth the entire understanding of the agreement between the Company and the Participant with respect to this Restricted Stock Unit Award and supersede any prior written or oral agreements with respect thereto.
  24. Applicable Law; Venue. The Plan and this Restricted Stock Unit Award shall be construed in accordance with the laws of the State of Delaware, USA. For any legal action relating to this Agreement, the parties to this Agreement consent to the exclusive jurisdiction and venue of the federal courts of the Northern District of Illinois, USA, and, if there is no jurisdiction in federal court, to the exclusive jurisdiction and venue of the state courts in Cook County, Illinois, USA.
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**APPENDIX**  
**ADDITIONAL TERMS AND CONDITIONS FOR RESTRICTED STOCK UNITS**  
**UNDER THE ENVESTNET, INC. 2010 LONG-TERM INCENTIVE PLAN**

Capitalized terms used but not defined in this Appendix shall have the same meanings assigned to them in the Plan and the Agreement.

***General***

This Appendix includes additional terms and conditions that govern the RSUs if the Participant works and/or resides in one of the countries listed below. If the Participant is a citizen or resident of a country other than the one in which the Participant is currently working and/or residing in (or are considered as such for local law purposes), or the Participant transfers employment and/or residency to a different country after the RSUs are granted, the Company will, in its discretion, determine to what extent the terms and conditions contained herein apply to the Participant (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer).

***Notifications***

This Appendix also includes information regarding certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of December 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information noted herein as the only source of information relating to the consequences of participation in the Plan because the information may be out-of-date at the time the Participant vests in the RSUs or sell any shares of Stock acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation. As a result, the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant is strongly advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to the Participant's individual situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant is currently working and/or residing in (or is considered as such for local law purposes), or if the Participant transfers employment and/or residency to a different country after the RSUs are granted, the notifications contained in this Appendix may not be applicable to the Participant in the same manner.

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## AUSTRALIA

### *Notifications*

Securities Law Information. There are legal consequences associated with participating in the Plan. The Participant should ensure that the Participant understands these consequences before participating in the Plan. Any information given by or on behalf of the Company is general information only. *The Participant should obtain the Participant's own financial product advice from an independent person who is licensed by the Australian Securities and Investments Commission ("ASIC") to give advice about participating in the Plan.*

The grant of RSUs under the Plan and the Agreement do not require disclosure under the Corporations Act 2001 (Cth) (the "Corporations Act"). No document provided to the Participant in connection with the Participant's participation in the Plan (including the Agreement and this Appendix):

- is a prospectus for purposes of the Corporations Act; or
- has been filed or reviewed by a regulator in Australia (including ASIC).

The Participant should not rely on any oral statements made in connection with the Participant's participation in the Plan. The Participant should rely only upon the statements contained in the Agreement, including this Appendix, when considering whether to participate in the Plan.

In the event that shares of Stock are issued to the Participant under the Plan, the value of any shares of Stock will be affected by the Australian / U.S. dollar exchange rate, in addition to fluctuations in value caused by the fortunes of the Company.

If the Participant offer any shares of Stock for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. *The Participant should consult with the Participant's personal legal advisor prior to making any such offer to ensure compliance with the applicable requirements.*

Exchange Control Information. If the Participant is an Australian resident, exchange control reporting is required for cash transactions exceeding AUD 10,000 and international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on the Participant's behalf. If there is no Australian bank involved with the transfer, the Participant will be required to file the report.

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) (the "Act") applies (subject to the conditions in that Act).

## CANADA

### *Terms and Conditions*

Settlement in Shares Only. Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, this Award of RSUs shall only be settled in shares of Stock, not cash.

Forfeiture upon Termination of Employment. This provision supplements Section 3 of the Agreement:

For purposes of the RSUs, the Participant's Termination Date will occur as of the date the Participant is no longer actually employed or otherwise rendering services to the Company or, if different, the Related Company for which the Participant provides services (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment or other laws or otherwise rendering services or the terms of the Participant's employment or other service agreement, if any). Unless otherwise provided in the Agreement or extended by the Company, the Participant's right to vest in the RSUs under the Plan, if any, will terminate as of such date. The Termination Date will not be extended by any common law notice period. Notwithstanding the foregoing, however, if applicable employment standards legislation specifically requires continued entitlement to vesting during a statutory notice period, the Participant's right to vest in the RSUs under the Plan, if any will be allowed to continue for that minimum notice period but then immediately terminate effective as of the last day of the Participant's minimum statutory notice period. In the event the date the Participant is no longer providing actual service cannot be reasonable determined under the terms of the Agreement and/or the Plan, the Committee or its delegate shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the RSUs (including whether the Participant may still be considered to be providing services while on a leave of absence). Unless the applicable employment standards legislation specifically requires, in the case of the Participant, the Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which his service relationship is terminated (as determined under this provision) nor will the Participant be entitled to any compensation for lost vesting.

*The following provisions are applicable in Quebec:*

Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceeds entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be provided to them in English.

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*Consentement à la Langue Utilisée.* Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.

**Data Privacy.** The following provision supplements the "Data Privacy" provision set forth above:

The Participant hereby authorizes the Company and the Company's representatives to discuss and obtain all relevant information from all personnel, professional or non-professional, involved in the administration of the Plan. The Participant further authorizes the Company and any subsidiaries and affiliates to disclose and discuss such information with their advisors. The Participant also authorizes the Company or any subsidiary or affiliate to record such information and to keep such information in the Participant's employment file.

#### **Notifications**

**Securities Law Information.** The Participant is permitted to sell shares of Stock acquired pursuant to the Plan through the Designated Broker appointed under the Plan, if any, provided the sale of the shares of Stock acquired under the Plan will take place only outside of Canada through the facilities of a stock exchange on which the shares of Stock are listed.

**Foreign Asset/Account Reporting Information.** The Participant is required to report any foreign specified property on form T1135 (Foreign Income Verification Statement) if the total value of the foreign specified property exceeds CAD 100,000 at any time in the year. Foreign specified property includes shares of Stock acquired under the Plan, and may include the RSUs. The RSUs must be reported (generally at a nil cost) if the CAD 100,000 cost threshold is exceeded because of other foreign property the Participant holds. If shares of Stock are acquired, their cost generally is the adjusted cost base ("ACB") of the shares. The ACB ordinarily would equal the fair market value of the shares of Stock at the time of acquisition, but if the Participant owns other shares of Stock, this ACB may have to be averaged with the ACB of the other shares. The form must be filed by April 30 of the following year. The Participant should consult with the Participant's personal legal advisor to ensure compliance with applicable reporting obligations.

### **INDIA**

#### **Notifications**

**Exchange Control Information.** The Participant understands that the Participant must repatriate any cash dividends paid on shares of Stock acquired under the Plan, as well as any proceeds from the sale of shares of Stock acquired under the Plan within a prescribed period of time, as may be required under applicable regulations. The Participant will receive a foreign inward remittance certificate ("FIRC") from the bank where the Participant deposits the foreign currency, and the Participant must maintain the FIRC as proof of repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is the Participant's responsibility to comply with these requirements.

**Foreign Asset/Account Reporting Information.** The Participant is required to declare foreign bank accounts and any foreign financial assets (including shares of Stock held outside of India) in the Participant's annual tax return. It is the Participant's responsibility to comply with this reporting obligation and the Participant should consult the Participant's personal tax advisor in this regard.

### **UNITED KINGDOM**

#### **Terms and Conditions**

**Responsibility for Taxes and Withholding.** This provision supplements Section 9 of the Agreement:

Without limitation to Section 9 of the Agreement, the Participant agrees that the Participant is liable for all tax obligations and hereby covenants to pay all such tax obligations as and when requested by the Company or the Employer or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Company and the Employer against any taxes that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Participant's behalf.

Notwithstanding the foregoing, if the Participant is an executive officer or director (as within the meaning of Section 13(k) of the Exchange Act), the Participant understands that the Participant may not be able to indemnify the Company or the Employer for the amount of income tax not collected from or paid by the Participant, as it may be considered a loan. In the event that the Participant is an executive officer or director and income tax is not collected from the Participant within 90 days after the end of the tax year in which the taxable event occurs, the amount of any uncollected income tax may constitute an additional benefit to the Participant on which additional income tax and national insurance contributions ("NICs") may be payable. The Participant acknowledges that the Participant is responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Employer for the value of any NICs due on this additional benefit, which the Company or the Employer may obtain from the Participant pursuant to Section 9 of the Agreement.

**Performance-Based Restricted Stock Unit Grant Award Agreement  
Under the Envestnet, Inc. 2010 Long-Term Incentive Plan**

THIS AGREEMENT is effective as of the Grant Date (as defined in Section 1), and is by and between the Participant and Envestnet, Inc. (the "Company").

WHEREAS, the Company maintains the Envestnet, Inc. 2010 Long-Term Incentive Plan (the "Plan") (the "Plan"), and the Participant has been selected by the committee administering the Plan (the "Committee") to receive a Performance-Based Restricted Stock Unit Award under the Plan; and

NOW, THEREFORE, IT IS AGREED, by and between the Company and the Participant, as provided as follows in this Performance-Based Restricted Stock Unit Award Agreement (the "Agreement"). The Performance-Based Restricted Stock Unit Award is in all respects subject to the terms, definitions and provisions of the Plan and the Agreement. Unless the context clearly provides otherwise, the capitalized terms herein shall have the meaning ascribed to such terms under the Plan.

1. Performance-Based Restricted Stock Unit Award Terms. The following words and phrases used in this Agreement shall have the meanings set forth in this Section 1:

(A) Participant: The "Participant" is

(B) Grant Date:

(C) Total Performance-Based Restricted Stock Units: Units (the "PSUs")

Each granted "Unit" represents the right to receive up to one and one-half shares of Stock, subject to the terms and conditions of this Agreement and the Plan.

(D) Performance Period: The "Performance Period" shall be the period from January 1, 2021 through December 31, 2023 (or, if earlier, the date of a Vesting Change in Control (as defined below)).

(E) Settlement Date: The "Settlement Date" shall be the date between the three-year anniversary of the Grant Date and thirty (30) days following such three-year anniversary of the Grant Date, or, if the Participant incurs a Vesting Termination prior to the last day of the Performance Period, the date between February 1, 2024 and March 15, 2024, in each case, that shares are distributed to the Participant pursuant to Section 3 below following the date that the Compensation Committee determines the extent that the Company satisfies the Performance Measures.

(F) Performance Percentage: The "Performance Percentage" for the Performance Period shall be determined as the sum of (Revenue Achievement Score \* .3333) + (Adjusted Earnings Per Share Achievement Score \* .3333) + (Relative TSR Achievement Score \* .3334).

Subject to Section 5, a percentage of the PSUs, if any, shall become earned only to the extent that the Company satisfies the Performance Measures, as determined by the Committee in its sole discretion consistent with the scorecard attached hereto as Exhibit A. The determination of performance of the Company for purposes of the Revenue Growth and the Adjusted Earnings Per Share Growth shall be determined using the amounts for such measures that the Company disclosed as part of its annual Form 10-K. The Revenue Growth and the Adjusted Earnings Per Share Growth shall all be determined including acquisitions made by the Company during the Performance Period.

The determination of the TSR for the Relative TSR shall be determined by dividing (A) by (B) where (A) equals the Ending Stock Price (as defined below) minus the Beginning Stock Price (as defined below) plus any Dividends Paid (as defined below) and where (B) equals Beginning Stock Price. The Ending Stock Price shall equal the average daily-closing stock price of the twenty trading days preceding December 31, 2023. The Beginning Stock Price shall equal the average daily-closing stock price of the twenty trading days preceding January 1, 2021. Paid Dividends shall represent the value of dividends for which the ex-dividend date occurs during the Performance Period, and, for purposes of the TSR calculation, dividends are assumed to be reinvested in additional shares of stock as of the ex-dividend date. The Company's TSR calculated as described above shall be compared to the TSR calculated in the same manner for the Russell 2000 companies.

(G) Restricted Period. With respect to all PSUs, the "Restricted Period" shall begin on the Grant Date and shall end on the three-year anniversary of the Grant Date (or if earlier, on the Settlement Date or a Vesting Change in Control (the earliest of such dates referred to as the "Vesting Date")). Subject Section 2 below, if the Participant's Termination Date does not occur during the Restricted Period with respect to any PSUs, then the Participant shall become vested in the PSUs as of the Vesting Date.

2. Termination of Employment. Except as provided in this Section 2 or Section 5, any portion of PSUs for which the Restricted Period has not ended prior to or upon the Participant's Termination Date, shall be forfeited. If the Participant incurs: (i)

an involuntary termination of employment without Cause, or (ii) a termination due to Disability or death, or (iii) if the Participant is party to an employment agreement with the Company that includes a "Good Reason" concept and the Participant voluntarily resigns for Good Reason (each such termination in (i), (ii) and (iii) referred to as a "Vesting Termination") prior to the Vesting Date, and subject to (x) the Participant signing and not revoking a release of claims and (y) the Participant's continued compliance with any restrictive covenants or any other agreement between the Participant and the Company or an affiliate that applies after the Termination Date, then the Participant shall be treated as if the Termination Date had not occurred prior to the last day of the Restricted Period (subject to a pro-rata reduction as specified in Section 3 below). The release must be executed, and any revocation period must have expired, within sixty (60) days after the Termination Date. All PSUs that do not vest in accordance with the foregoing, shall be immediately forfeited.

Notwithstanding the foregoing, in the event the Participant incurs a termination for any reason other than a Vesting Termination, or in the event the release does not become effective within sixty (60) days after the Termination Date, as required as provided in this Section 2 following a Vesting Termination, the Participant shall immediately forfeit his or her right to any vesting of any PSUs for which the Restricted Period has not ended as of such Termination Date. For purposes of this Agreement, if the Participant is a party to an employment agreement with the Company, then Cause, Disability (or Permanent Disability) and Good Reason shall have such meaning as given such terms in such employment agreement. Notwithstanding anything to the contrary in any agreement between the Participant and the Company or a Related Company, the Participant acknowledges and agrees that the PSUs shall vest (and the Restricted Period shall end) only as provided by, and subject to the terms of, this Agreement and the Plan.

3. Settlement Date. On the Settlement Date, the Participant shall receive a number of shares of Stock in settlement of the PSUs. The number of shares of Stock that the Participant shall receive on the Settlement Date shall be determined by multiplying (i) the number of PSUs (which have not previously been forfeited or cancelled) by (ii) the Performance Percentage determined pursuant to Section 1.F. above (with such percentage converted to a number by dividing such percentage by 100); provided, however, that if the Termination Date occurred prior to the Vesting Date and prior to a Change in Control due to a Vesting Termination, then the product of clauses (i) and (ii) shall additionally be multiplied by the Pro-Rata Fraction (as defined below). Shares of Stock received by you pursuant to this Section 3 shall be free of restrictions otherwise imposed by this Agreement and the Plan; provided, however that the shares of Stock shall remain subject to the terms of this Agreement expressly applicable after such Settlement Date (including, without limitation, Section 7). As of the Settlement Date and settlement of the PSUs pursuant to this Section 3, all Units (which have not previously been forfeited or cancelled) shall be cancelled. The term "Pro-Rata Fraction" shall mean a fraction, the numerator of which shall be equal to the number of days between the Grant Date and the Participant's Termination Date and the denominator of which shall be 1095. If the Participant works or resides outside the United States, the Company, in its sole discretion, may require the Participant to sell shares of Stock received in settlement of the PSUs immediately or within a specified period following Participant's Termination Date (in which case, this Agreement shall give the Company the authority to issue sales instructions on the Participant's behalf).

4. Dividends. To the extent that the PSUs have not otherwise been forfeited or cancelled prior to the Settlement Date, the Participant will be paid a cash payment on the Settlement Date equal to the number of shares of Stock delivered pursuant to Section 3 multiplied by the total amount of dividend payments made in relation to one share of Stock with respect to record dates occurring during the period between the Grant Date and the Settlement Date.

5. Change in Control. In the event of a Change in Control on or prior to the Vesting Date, the Company, or the entity that is the surviving entity or successor to the Company following such transaction, may elect (a) to continue this Performance-Based Restricted Stock Unit Award subject to the terms of this Agreement and the Plan as described in this Section 5 and subject to such adjustments, if any, by the Committee as permitted by Section 4.3 of the Plan; or (b) to terminate this Performance-Based Restricted Stock Unit Award and distribute shares of Stock within sixty (60) days following such Change in Control. In the event that the Company or its successor chooses to terminate this award and make a distribution of shares of Stock as provided in clause (b) of the previous sentence (in which case the Change in Control is a "Vesting Change in Control"), the payment amount attributable to dividends as described in and determined pursuant to Section 4 shall be determined as if the date of the Vesting Change in Control were the Settlement Date and the number of shares of Stock to be delivered pursuant to Section 3 shall be calculated as if the date of such Vesting Change in Control were the Settlement Date and the Company achieved target performance on all applicable Performance Measures and the shares of Stock received by a Participant pursuant to this Section 5 shall be free of restrictions otherwise imposed by this Agreement and the Plan; provided, however that the shares of Stock shall remain subject to the terms of this Agreement expressly applicable after the Settlement Date (including, without limitation, Section 7).

6. Section 409A of the Code. The distribution of shares of Stock made pursuant to this Agreement are intended to be interpreted and operated to the fullest extent possible so that such distributions shall be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). It is intended that the distribution of shares of Stock will in any event be made pursuant to the terms of this Agreement to the Participant within the period necessary to satisfy the exemption from Section 409A of the Code for short-term deferrals set forth in Treas. Reg. §1.409A-1(b)(4)(i) (which generally requires that payment be made not later than the fifteenth day of the third month after the end of the year in which the amount is no longer subject to a substantial risk of forfeiture as defined for purposes of Section 409A of the Code). To the extent that the distributions of shares of Stock made pursuant to this Agreement are deferred compensation subject to (but not otherwise exempt

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from) Section 409A of the Code, this Agreement is intended to be interpreted and operated to the fullest extent possible so that the distribution of shares of Stock pursuant to this Agreement shall comply with the requirements of Section 409A of the Code.

7. Clawback Policy. Notwithstanding anything in this Agreement to the contrary, in consideration for the award of this Performance-Based Restricted Stock Unit Award, the Participant acknowledges and agrees that he or she is subject to the Envestnet, Inc. Clawback Policy (the "Clawback Policy") and that the Participant's rights with respect to this Performance-Based Restricted Stock Unit Award and any other Covered Awards (as defined in the Clawback Policy) granted to the Participant shall be subject to Clawback Policy as amended from time to time.

8. Withholding. The Participant acknowledges that, regardless of any action taken by the Company or, if different, the Related Company for which the Participant provides service (the "Employer"), the ultimate liability for all income tax, social insurance contributions, payroll tax, fringe benefits tax, payment on account, and other tax-related items related to the Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items") is and remains the Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PSUs, including, but not limited to, the grant, earning or settlement of the PSUs, the subsequent sale of shares of Stock acquired pursuant to such settlement and the receipt of any dividends or other distributions paid on the Stock, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the PSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Unless otherwise determined by the Committee, any applicable withholding required with respect to this Restricted Stock Unit Award shall be satisfied through the surrender of shares of Stock to which the Participant is otherwise entitled under the Plan; provided, however, that the amount withheld in the form of shares of Stock to which the Participant is entitled under the Plan may not exceed the maximum individual tax rate for the Participant in applicable jurisdictions for such Participant (based on the applicable rates of the relevant tax authorities (for example, federal, state and local), including the Participant's share of payroll or similar taxes, as provided in tax law, regulations, or the authority's administrative practices, not to exceed the highest statutory rate in that jurisdiction, even if that rate exceeds the highest rate that may be applicable to the specific Participant. Further, the Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items not satisfied consistent with the prior sentence by one or a combination of the following: (i) withholding from wages or other cash compensation payable to the Participant by the Company or the Employer; (ii) withholding from proceeds of the sale of Stock to be issued upon settlement of the PSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent); and (iii) any other method acceptable to the Company and permitted under the Plan and applicable laws. If the obligation for Tax-Related Items is satisfied by withholding in shares of Stock, the Participant is deemed to have been issued the full number of shares of Stock subject to the vested PSUs, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items. The Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to deliver the shares of Stock or the proceeds of the sale of shares of Stock if the Participant fails to comply with the Participant's obligations for Tax-Related Items.

9. Transferability. This Performance-Based Restricted Stock Unit Award is not transferable except as designated by the Participant by will or by the laws of descent and distribution or, to the extent provided by the Committee, pursuant to a qualified domestic relations order (within the meaning of the Code and applicable rules thereunder). Notwithstanding the foregoing, the Committee may permit the Performance-Based Restricted Stock Unit Award to be transferred to or for the benefit of the Participant's family (including, without limitation, to a trust or partnership for the benefit of the Participant's family), subject to such procedures as the Committee may establish.

10. Adjustment of Award. The number and type of shares of Stock subject to this Performance-Based Restricted Stock Unit Award will or may be adjusted in accordance with the Plan to reflect certain corporate transactions which affect the number, type or value of such shares.

11. No Implied Rights. Neither the Plan nor this Performance-Based Restricted Stock Unit Award constitutes a contract of employment or continued service and does not give the Participant the right to be retained in the employ or service of the Company or any Related Company, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan or this Performance-Based Restricted Stock Unit Award. Except as otherwise provided in the Plan or this Performance-Based Restricted Stock Unit Award, no Award under the Plan shall confer upon the holder thereof any right as a stockholder of the Company prior to the date on which he fulfills all service requirements and other conditions for receipt of such rights and shares of Stock are registered in his name.

12. Data Privacy.

A. Data Privacy Consent. *The Participant hereby declares that the Participant agrees with the data processing practices described herein and consents to the collection, processing and use of Personal Data (as defined below) by the Company and the*

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Employer, and the transfer of Personal Data to the recipients mentioned herein, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described herein.

B. Declaration of Consent. The Participant understands that the Participant must review the following information about the processing of Personal Data by or on behalf of the Company or the Employer as described in the Agreement and any materials related to the Participant's eligibility to participate in the Plan and declare the Participant's consent. As regards to the processing of the Participant's Personal Data in connection with the Plan, the Participant understands that the Company is the controller of the Participant's Personal Data.

C. Data Processing and Legal Basis. The Company collects, uses and otherwise processes certain information about the Participant for purposes of implementing, administering and managing the Plan. The Participant understand that this information may include, without limitation, the Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of Stock or directorships held in the Company or its subsidiaries, details of all equity awards or any other entitlement to shares of Stock or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor (the "Personal Data"). The legal basis for the processing of the Participant's Personal Data, where required, is the Participant's consent.

D. Stock Plan Administration Service Providers. The Participant understand that the Company transfers the Participant's Personal Data, or parts thereof, to the Designated Broker, an independent service provider based in the U.S., which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select different service providers and share the Participant's Personal Data with such different service providers that serve the Company in a similar manner. The Company's service providers will open an account for the Participant to receive and trade shares of Stock acquired under the Plan and the Participant may be asked to agree on separate terms and data processing practices with the service provider, which is a condition of any ability to participate in the Plan.

E. International Data Transfers. the Company and, as of the date hereof, any third parties assisting in the implementation, administration and management of the Plan, such as Fidelity Stock Plan Services, LLC and its affiliates (the "Designated Broker"), are based in the U.S. If the Participant is located outside the U.S., the Participant's country may have enacted data privacy laws that are different from the laws of the U.S. The Company's legal basis for the transfer of Personal Data is the Participant's consent.

F. Data Retention. the Company will process the Participant's Personal Data only as long as is necessary to implement, administer and manage the Participant's participation in the Plan, or to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws. In the latter case, the Participant understands and acknowledges that the Company's legal basis for the processing of the Participant's Personal Data would be compliance with the relevant laws or regulations. When the Company no longer needs Personal Data for any of the above purposes, the Participant understand that the Company will remove it from its systems.

G. Voluntariness and Consequences of Denial/Withdrawal of Consent. The Participant understands that any participation in the Plan and the Participant's consent are purely voluntary. The Participant may deny or later withdraw the Participant's consent at any time, with future effect and for any or no reason. If the Participant denies or later withdraws the Participant's consent, the Company cannot offer participation in the Plan or grant PSUs or other equity awards to the Participant or administer or maintain such awards, and the Participant will not be eligible to participate in the Plan. The Participant further understands that denial or withdrawal of the Participant's consent would not affect the Participant's relationship with the Company and/or the Participant's Employer and that the Participant would merely forfeit the opportunities associated with the Plan.

H. Data Subject Rights. The Participant understands that data subject rights regarding the processing of personal data vary depending on the applicable law and that, depending on where the Participant is based and subject to the conditions set out in the applicable law, the Participant may have, without limitation, the rights to (i) inquire whether and what kind of Personal Data the Company holds about the Participant and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data about the Participant that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing, (iv) request the Company to restrict the processing of the Participant's Personal Data in certain situations where the Participant feel its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, and to (vi) request portability of the Participant's Personal Data that the Participant has actively or passively provided to the Company (which does not include data derived or inferred from the collected data), where the processing of such Personal Data is based on consent or the Participant's relationship with the Company and/or the Participant's Employer and is carried out by automated means. In case of concerns, the Participant also may have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, the Participant's rights, the Participant understands the Participant should contact the Participant's local human resources representative.

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13. Country Specific Provisions. Notwithstanding any provisions in this Agreement, the PSUs shall be subject to any additional terms and conditions set forth in the Appendix to this Agreement for the Participant's country. Moreover, if the Participant relocate to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to the Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). The Appendix constitutes part of this Agreement. The Appendix constitutes part of this Agreement.

14. Nature of Grant. In accepting the PSUs, the Participant acknowledges, understands and agrees that:

- A. the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- B. the award of the PSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of PSUs, or benefits in lieu of PSUs, even if PSUs have been granted in the past;
- C. all decisions with respect to future PSUs or other Awards, if any, will be at the sole discretion of the Company;
- D. the award of PSUs and the Participant's participation in the Plan shall not be interpreted as forming or amending an employment or service contract with the Company or the Employer, and shall not interfere with the ability of the Company, the Employer or any other subsidiary or affiliate, as applicable, to terminate the Participant's employment relationship (if any);
- E. the Participant is voluntarily participating in the Plan;
- F. the PSUs and the shares of Stock subject to the PSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;
- G. the PSUs and the shares of Stock subject to the PSUs, and the income from and value of same, are not part of normal or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;
- H. the future value of the underlying shares of Stock is unknown, indeterminable and cannot be predicted with certainty; and
- I. no claim or entitlement to compensation or damages shall arise from forfeiture of the PSUs resulting from the termination of the Participant's employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any); and
- J. neither the Company nor the Employer shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the PSUs or of any amounts due to the Participant pursuant to the settlement of the PSUs or the subsequent sale of any shares of Stock acquired upon settlement.

15. Plan Governs. This Performance-Based Restricted Stock Unit Award shall be subject to all of the terms and conditions of the Plan, a copy of which may be obtained from the Secretary of the Company.

16. Severability. The provisions of the Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. Waiver. The waiver by the Company with respect to the Participant's (or any other Participant's) compliance of any provision of the Agreement shall not operate or be construed as a waiver of any other provision of the Agreement, or of any subsequent breach by such party of a provision of the Agreement.

18. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the PSUs and on any shares of Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

19. Compliance with Law. Notwithstanding any other provision of the Plan or the Agreement, unless there is an exemption from any registration, qualification or other legal requirement applicable to the shares of Stock, the Company shall not be required to deliver any shares issuable upon settlement of the PSU prior to the completion of any registration or qualification of the shares under any U.S. or non-U.S. local, state or federal securities or exchange control law or under rulings or regulations of

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the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any U.S. or non-U.S. local, state or federal governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. The Participant understands that the Company is under no obligation to register or qualify the shares with the SEC or any state or Non-U.S. securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, the Participant agrees that the Company shall have unilateral authority to amend the Agreement without the Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

20. Exchange Control, Foreign Asset/Account and/or Tax Reporting. Depending upon the country to which laws the Participant is subject, the Participant may have certain foreign asset/account and/or tax reporting requirements that may affect the Participant's ability to acquire or hold shares of Stock under the Plan or cash received from participating in the Plan (including from any dividends or sale proceeds arising from the sale of shares of Stock) in a brokerage or bank account outside the Participant's country of residence. The Participant's country may require that the Participant report such accounts, assets or transactions to the applicable authorities in the Participant's country. The Participant also may be required to repatriate cash received from participating in the Plan to the Participant's country within a certain period of time after receipt. The Participant is responsible for knowledge of and compliance with any such regulations and should speak with the Participant's personal tax, legal and financial advisors regarding same.

21. Language. The Participant acknowledges that the Participant is proficient in the English language, or that the Participant has consulted with an advisor who is proficient in the English language, so as to enable the Participant to understand the provisions of this Agreement and the Plan. If the Participant has received the Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

22. Amendment and Termination. The Board may, at any time, amend or terminate the Plan, and the Board or the Committee may amend the Agreement, provided that no amendment or termination may, in the absence of written consent to the change by the Participant (or, if the Participant is not then living, the affected Beneficiary), adversely affect the rights of any Participant or Beneficiary under this Performance-Based Restricted Stock Unit Award. Adjustments pursuant to subsection 4.3 of the Plan shall not be subject to the foregoing limitations. It is the intention of the Company that, to the extent that any provisions of this Plan or this Performance-Based Restricted Stock Unit Award are subject to Section 409A of the Code, the Plan and this Performance-Based Restricted Stock Unit Award comply with the requirements of Section 409A of the Code and that the Board shall have the authority to amend the Plan and this Agreement as it deems necessary to conform to Section 409A of the Code. This Agreement and the Plan set forth the entire understanding of the agreement between the Company and the Participant with respect to this Performance-Based Restricted Stock Unit Award and supersede any prior written or oral agreements with respect thereto.

23. Applicable Law. The Plan and this Performance-Based Restricted Stock Unit Award shall be construed in accordance with the laws of the State of Delaware, USA. For any legal action relating to this Agreement, the parties to this Agreement consent to the exclusive jurisdiction and venue of the federal courts of the Northern District of Illinois, USA, and, if there is no jurisdiction in federal court, to the exclusive jurisdiction and venue of the state courts in Cook County, Illinois, USA.

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Revenue Growth (compound annual growth rate ("CAGR") during the Performance Period, including acquisitions)					
Performance Level	CAGR	Percentage Earned	Weighting	Achievement Score (0-150%)	Weighted Achievement Score
Outstanding	20%	150%	33.33%		
Target	14%	100%			
Threshold	8%	50%			
< Threshold	< 8%	0%			
Adjusted Earnings Per Share Growth (Year over Year Comparison of 2023 Compared to 2022)					
Performance Level	Year over Year Comparison between 2023 and 2022	Percentage Earned	Weighting	Achievement Score (0-150%)	Weighted Achievement Score
Outstanding	22%	150%	33.33%		
Target	16%	100%			
Threshold	10%	50%			
< Threshold	< 10%	0%			
Relative TSR (as compared to companies in the Russell 2000)					
Performance Level	Relative TSR	Percentage Earned	Weighting	Achievement Score (0-150%)	Weighted Achievement Score
Outstanding	75th percentile or above	150%	33.34%		
Target	Median	100%			
Threshold	35th percentile	50%			
< Threshold	< 35th percentile	0%			

If the actual performance in the Performance Period with respect to the Performance Measures listed above is between amounts listed on the tables above, the percentage earned shall be determined using straight line interpolation between the percentages listed on the table above; provided, that, for the avoidance of doubt, the percentage earned for any performance below the threshold performance listed above for any Performance Measure shall equal 0% and the percentage earned for any performance above the outstanding performance listed above for any Performance Measure shall equal 150%.



**APPENDIX**  
**ADDITIONAL TERMS AND CONDITIONS FOR RESTRICTED STOCK UNITS**  
**UNDER THE ENVESTNET, INC. 2010 LONG-TERM INCENTIVE PLAN**

Capitalized terms used but not defined in this Appendix shall have the same meanings assigned to them in the Plan and the Agreement.

***General***

This Appendix includes additional terms and conditions that govern the PSUs if the Participant works and/or resides in one of the countries listed below. If the Participant is a citizen or resident of a country other than the one in which the Participant is currently working and/or residing in (or are considered as such for local law purposes), or the Participant transfers employment and/or residency to a different country after the PSUs are granted, the Company will, in its discretion, determine to what extent the terms and conditions contained herein apply to the Participant (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer).

***Notifications***

This Appendix also includes information regarding certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of December 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information noted herein as the only source of information relating to the consequences of participation in the Plan because the information may be out-of-date at the time the Participant vests in the PSUs or sell any shares of Stock acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation. As a result, the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant is strongly advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to the Participant's individual situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant is currently working and/or residing in (or is considered as such for local law purposes), or if the Participant transfers employment and/or residency to a different country after the PSUs are granted, the notifications contained in this Appendix may not be applicable to the Participant in the same manner.

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## AUSTRALIA

### *Notifications*

Securities Law Information. There are legal consequences associated with participating in the Plan. The Participant should ensure that the Participant understands these consequences before participating in the Plan. Any information given by or on behalf of the Company is general information only. *The Participant should obtain the Participant's own financial product advice from an independent person who is licensed by the Australian Securities and Investments Commission ("ASIC") to give advice about participating in the Plan.*

The grant of PSUs under the Plan and the Agreement do not require disclosure under the Corporations Act 2001 (Cth) (the "Corporations Act"). No document provided to the Participant in connection with the Participant's participation in the Plan (including the Agreement and this Appendix):

- is a prospectus for purposes of the Corporations Act; or
- has been filed or reviewed by a regulator in Australia (including ASIC).

The Participant should not rely on any oral statements made in connection with the Participant's participation in the Plan. The Participant should rely only upon the statements contained in the Agreement, including this Appendix, when considering whether to participate in the Plan.

In the event that shares of Stock are issued to the Participant under the Plan, the value of any shares of Stock will be affected by the Australian / U.S. dollar exchange rate, in addition to fluctuations in value caused by the fortunes of the Company.

If the Participant offer any shares of Stock for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. *The Participant should consult with the Participant's personal legal advisor prior to making any such offer to ensure compliance with the applicable requirements.*

Exchange Control Information. If the Participant is an Australian resident, exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on the Participant's behalf. If there is no Australian bank involved with the transfer, the Participant will be required to file the report.

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) (the "Act") applies (subject to the conditions in that Act).

## CANADA

### *Terms and Conditions*

Settlement in Shares Only. Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, this Award of PSUs shall only be settled in shares of Stock, not cash.

Forfeiture upon Termination of Employment. This provision supplements Section 2 of the Agreement:

For purposes of the PSU, the Participant's Termination Date will occur as of the date the Participant is no longer actually employed or otherwise rendering services to the Company or, if different, the Related Company for which the Participant provides services (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment or other laws or otherwise rendering services or the terms of the Participant's employment or other service agreement, if any). Unless otherwise provided in the Agreement or extended by the Company, the Participant's right to vest in the PSU under the Plan, if any, will terminate as of such date. The Termination Date will not be extended by any common law notice period. Notwithstanding the foregoing, however, if applicable employment standards legislation specifically requires continued entitlement to vesting during a statutory notice period, the Participant's right to vest in the PSU under the Plan, if any will be allowed to continue for that minimum notice period but then immediately terminate effective as of the last day of the Participant's minimum statutory notice period. In the event the date the Participant is no longer providing actual service cannot be reasonable determined under the terms of the Agreement and/or the Plan, the Committee or its delegate shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the PSU (including whether the Participant may still be considered to be providing services while on a leave of absence). Unless the applicable employment standards legislation specifically requires, in the case of the Participant, the Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which his service relationship is terminated (as determined under this provision) nor will the Participant be entitled to any compensation for lost vesting.

*The following provisions are applicable in Quebec:*

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Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceeds entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be provided to them in English.

Consentement à la Langue Utilisée. Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.

**Data Privacy.** The following provision supplements the "Data Privacy" provision set forth above:

The Participant hereby authorizes the Company and the Company's representatives to discuss and obtain all relevant information from all personnel, professional or non-professional, involved in the administration of the Plan. The Participant further authorizes the Company and any subsidiaries and affiliates to disclose and discuss such information with their advisors. The Participant also authorizes the Company or any subsidiary or affiliate to record such information and to keep such information in the Participant's employment file.

#### ***Notifications***

Securities Law Information. The Participant is permitted to sell shares of Stock acquired pursuant to the Plan through the designated broker appointed under the Plan, if any, provided the sale of the shares of Stock acquired under the Plan will take place only outside of Canada through the facilities of a stock exchange on which the shares of Stock are listed.

Foreign Asset/Account Reporting Information. The Participant is required to report any foreign specified property on form T1135 (Foreign Income Verification Statement) if the total value of the foreign specified property exceeds CAD\$100,000 at any time in the year. Foreign specified property includes shares of Stock acquired under the Plan, and may include the PSUs. The PSUs must be reported (generally at a nil cost) if the \$100,000 cost threshold is exceeded because of other foreign property the Participant holds. If shares of Stock are acquired, their cost generally is the adjusted cost base ("ACB") of the shares. The ACB ordinarily would equal the fair market value of the shares of Stock at the time of acquisition, but if the Participant owns other shares of Stock, this ACB may have to be averaged with the ACB of the other shares. The form must be filed by April 30 of the following year. The Participant should consult with the Participant's personal legal advisor to ensure compliance with applicable reporting obligations.

#### **INDIA**

##### ***Notifications***

Exchange Control Information. The Participant understands that the Participant must repatriate any cash dividends paid on shares of Stock acquired under the Plan, as well as any proceeds from the sale of shares of Stock acquired under the Plan within a prescribed period of time, as may be required under applicable regulations. The Participant will receive a foreign inward remittance certificate ("FIRC") from the bank where the Participant deposits the foreign currency, and the Participant must maintain the FIRC as proof of repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is the Participant's responsibility to comply with these requirements.

Foreign Asset/Account Reporting Information. The Participant is required to declare foreign bank accounts and any foreign financial assets (including shares of Stock held outside of India) in the Participant's annual tax return. It is the Participant's responsibility to comply with this reporting obligation and the Participant should consult the Participant's personal tax advisor in this regard.

#### **UNITED KINGDOM**

##### ***Terms and Conditions***

Responsibility for Taxes and Withholding. This provision Section 9 of the Agreement:

Without limitation to Section 9, the Participant agrees that the Participant is liable for all tax obligations and hereby covenants to pay all such tax obligations as and when requested by the Company or the Employer or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Company and the Employer against any taxes that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Participant's behalf.

Notwithstanding the foregoing, if the Participant is an executive officer or director (as within the meaning of Section 13(k) of the Exchange Act), the Participant understands that the Participant may not be able to indemnify the Company or the Employer for the amount of income tax not collected from or paid by the Participant, as it may be considered a loan. In the event that the Participant is an executive officer or director and income tax is not collected from the Participant within ninety (90) days after the end of the tax year in which the taxable event occurs, the amount of any uncollected income tax may constitute an additional

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benefit to the Participant on which additional income tax and national insurance contributions ("NICs") may be payable. The Participant acknowledges that the Participant is responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Employer for the value of any NICs due on this additional benefit, which the Company or the Employer may obtain from the Participant pursuant to Section 9 of the Agreement.

**CHIEF EXECUTIVE OFFICER CERTIFICATION**

I, William C. Crager, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2021, of Envestnet, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2021

*/s/ William C. Crager*  
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William C. Crager  
Chief Executive Officer  
(Principal Executive Officer)

**CHIEF FINANCIAL OFFICER CERTIFICATION**

I, Peter H. D'Arrigo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2021, of Envestnet, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2021

*/s/ Peter H. D'Arrigo*

Peter H. D'Arrigo

*Chief Financial Officer*

*(Principal Financial Officer)*

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

In connection with the Quarterly Report of Envestnet, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William Crager, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

*/s/ William C. Crager*

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By: William C. Crager  
Chief Executive Officer  
*(Principal Executive Officer)*

Dated: May 7, 2021

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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

In connection with the Quarterly Report of Envestnet, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter D'Arrigo, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

*/s/ Peter H. D'Arrigo*

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By: Peter H. D'Arrigo  
Chief Financial Officer  
(Principal Financial Officer)

Dated: May 7, 2021

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.