

COMSCORE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	As of September 30, 2023 (Unaudited)	As of December 31, 2022
(In thousands, except share and par value data)		
Assets		
Current assets:		
Cash and cash equivalents	\$ 30,067	\$ 20,044
Restricted cash	186	398
Accounts receivable, net of allowances of \$496 and \$798, respectively	46,469	68,457
Prepaid expenses and other current assets	13,893	15,922
Total current assets	90,615	104,821
Property and equipment, net	41,401	36,367
Operating right-of-use assets	19,750	23,864
Deferred tax assets	3,075	3,351
Intangible assets, net	8,915	13,327
Goodwill	343,542	387,973
Other non-current assets	11,541	10,883
Total assets	\$ 518,839	\$ 580,586
Liabilities, Convertible Redeemable Preferred Stock and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 32,382	\$ 29,090
Accrued expenses	35,777	43,393
Contract liabilities	50,901	52,944
Revolving line of credit	16,000	—
Accrued dividends	19,846	7,863
Customer advances	7,595	11,527
Current portion of contingent consideration	3,676	7,134
Current operating lease liabilities	7,954	7,639
Other current liabilities	4,742	5,501
Total current liabilities	178,873	165,091
Non-current operating lease liabilities	24,903	29,588
Non-current portion of accrued data costs	30,647	25,106
Non-current revolving line of credit	—	16,000
Deferred tax liabilities	1,832	2,127
Other non-current liabilities	9,133	10,627
Total liabilities	245,388	248,539
Commitments and contingencies		
Convertible redeemable preferred stock, \$0.001 par value; 100,000,000 shares authorized and 82,527,609 shares issued and outstanding as of September 30, 2023 and 82,527,609 shares authorized, issued and outstanding as of December 31, 2022; aggregate liquidation preference of \$223,846 as of September 30, 2023, and \$211,863 as of December 31, 2022	187,885	187,885
Stockholders' equity:		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized as of September 30, 2023 and 7,472,391 shares authorized as of December 31, 2022; no shares issued or outstanding as of September 30, 2023 or December 31, 2022	—	—
Common stock, \$0.001 par value; 275,000,000 shares authorized as of September 30, 2023 and December 31, 2022; 101,851,130 shares issued and 95,086,334 shares outstanding as of September 30, 2023, and 98,869,738 shares issued and 92,104,942 shares outstanding as of December 31, 2022	95	92
Additional paid-in capital	1,695,998	1,690,783
Accumulated other comprehensive loss	(16,809)	(15,940)
Accumulated deficit	(1,363,734)	(1,300,789)
Treasury stock, at cost, 6,764,796 shares as of September 30, 2023 and December 31, 2022	(229,984)	(229,984)
Total stockholders' equity	85,566	144,162
Total liabilities, convertible redeemable preferred stock and stockholders' equity	\$ 518,839	\$ 580,586

COMSCORE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)

(In thousands, except share and per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues	\$ 91,000	\$ 92,783	\$ 276,242	\$ 278,183
Cost of revenues ^{(1) (2)}	50,473	51,530	155,360	155,915
Selling and marketing ^{(1) (2)}	14,794	17,199	48,984	51,850
Research and development ^{(1) (2)}	8,083	8,741	25,792	28,190
General and administrative ^{(1) (2)}	12,928	12,899	39,776	48,119
Amortization of intangible assets	800	6,772	4,412	20,323
Impairment of right-of-use and long-lived assets	1,502	—	1,502	—
Restructuring	353	5,784	5,455	5,784
Impairment of goodwill	—	46,300	44,100	46,300
Total expenses from operations	88,933	149,225	325,381	356,481
Income (loss) from operations	2,067	(56,442)	(49,139)	(78,298)
Other income, net	628	1,477	425	8,467
Gain (loss) from foreign currency transactions	1,090	2,781	(544)	5,728
Interest expense, net	(426)	(284)	(1,141)	(660)
Income (loss) before income taxes	3,359	(52,468)	(50,399)	(64,763)
Income tax (provision) benefit	(741)	86	(563)	(1,945)
Net income (loss)	\$ 2,618	\$ (52,382)	\$ (50,962)	\$ (66,708)
Net loss available to common stockholders:				
Net income (loss)	\$ 2,618	\$ (52,382)	\$ (50,962)	\$ (66,708)
Convertible redeemable preferred stock dividends	(4,286)	(3,910)	(11,983)	(11,603)
Total net loss available to common stockholders	\$ (1,668)	\$ (56,292)	\$ (62,945)	\$ (78,311)
Net loss per common share:				
Basic and diluted	\$ (0.02)	\$ (0.60)	\$ (0.66)	\$ (0.85)
Weighted-average number of shares used in per share calculation - Common Stock:				
Basic and diluted	97,709,191	93,347,017	95,704,106	92,380,984
Comprehensive income (loss):				
Net income (loss)	\$ 2,618	\$ (52,382)	\$ (50,962)	\$ (66,708)
Other comprehensive loss:				
Foreign currency cumulative translation adjustment	(2,267)	(4,553)	(869)	(9,638)
Total comprehensive income (loss)	\$ 351	\$ (56,935)	\$ (51,831)	\$ (76,346)

⁽¹⁾ Excludes amortization of intangible assets, which is presented as a separate line item.

⁽²⁾ Stock-based compensation expense is included in the line items above as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2022	2022
Cost of revenues	\$ 113	\$ 155	\$ 435	\$ 877
Selling and marketing	96	132	411	804
Research and development	85	116	333	627
General and administrative	747	1,013	2,640	4,906
Total stock-based compensation expense	\$ 1,041	\$ 1,416	\$ 3,819	\$ 7,214

COMSCORE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	Nine Months Ended September 30,	
	2023	2022
Operating activities:		
Net loss	\$ (50,962)	\$ (66,708)
Adjustments to reconcile to net cash provided by operating activities:		
Impairment of goodwill	44,100	46,300
Depreciation	14,613	12,542
Amortization of intangible assets	4,412	20,323
Non-cash operating lease expense	4,196	4,540
Stock-based compensation expense	3,819	7,214
Impairment of right-of-use and long-lived assets	1,502	—
Amortization expense of finance leases	1,268	1,875
Change in fair value of contingent consideration liability	252	2,447
Change in fair value of warrants liability	(407)	(8,471)
Deferred tax benefit	(61)	(90)
Other	1,295	1,456
Changes in operating assets and liabilities:		
Accounts receivable	21,899	22,143
Prepaid expenses and other assets	132	(1,081)
Accounts payable, accrued expenses and other liabilities	(2,779)	3,159
Contract liabilities and customer advances	(7,013)	(3,448)
Operating lease liabilities	(5,981)	(5,665)
Net cash provided by operating activities	30,285	36,536
Investing activities:		
Capitalized internal-use software costs	(16,609)	(12,402)
Purchases of property and equipment	(1,240)	(823)
Net cash used in investing activities	(17,849)	(13,225)
Financing activities:		
Principal payments on finance leases	(1,337)	(2,004)
Contingent consideration payment at initial value	(1,037)	—
Payments for dividends on convertible redeemable preferred stock	—	(15,512)
Other	(276)	(61)
Net cash used in financing activities	(2,650)	(17,577)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	25	(2,502)
Net increase in cash, cash equivalents and restricted cash	9,811	3,232
Cash, cash equivalents and restricted cash at beginning of period	20,442	22,279
Cash, cash equivalents and restricted cash at end of period	\$ 30,253	\$ 25,511
As of September 30,		
	2023	2022
Cash and cash equivalents	\$ 30,067	\$ 25,086
Restricted cash	186	425
Total cash, cash equivalents and restricted cash	\$ 30,253	\$ 25,511

Reconciliation of Non-GAAP Financial Measures

The following table presents a reconciliation of GAAP net income (loss) and net income (loss) margin to non-GAAP adjusted EBITDA, adjusted EBITDA margin and non-GAAP FX adjusted EBITDA for each of the periods identified:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
GAAP net income (loss)	\$ 2,618	\$ (52,382)	\$ (50,962)	\$ (66,708)
Depreciation	5,020	4,186	14,613	12,542
Income tax provision (benefit)	741	(86)	563	1,945
Amortization of intangible assets	800	6,772	4,412	20,323
Interest expense, net	426	284	1,141	660
Amortization expense of finance leases	419	515	1,268	1,875
EBITDA	10,024	(40,711)	(28,965)	(29,363)
Adjustments:				
Impairment of right-of-use and long-lived assets	1,502	—	1,502	—
Stock-based compensation expense	1,041	1,416	3,819	7,214
Transformation costs ⁽¹⁾	653	—	753	460
Amortization of cloud-computing implementation costs	360	358	1,078	1,076
Restructuring	353	5,784	5,455	5,784
Change in fair value of contingent consideration liability	97	44	252	2,447
Other income, net ⁽²⁾	(634)	(1,476)	(407)	(8,464)
Impairment of goodwill	—	46,300	44,100	46,300
Non-GAAP adjusted EBITDA	\$ 13,396	\$ 11,715	\$ 27,587	\$ 25,454
Net income (loss) margin ⁽³⁾	2.9 %	(56.5)%	(18.4)%	(24.0)%
Non-GAAP adjusted EBITDA margin ⁽⁴⁾	14.7 %	12.6 %	10.0 %	9.2 %
Adjustments:				
(Gain) loss from foreign currency transactions	(1,090)	(2,781)	544	(5,728)
Non-GAAP FX adjusted EBITDA	\$ 12,306	\$ 8,934	\$ 28,131	\$ 19,726

⁽¹⁾ Transformation costs represent expenses incurred prior to formal launch of identified strategic projects with anticipated long-term benefits to the company. These costs generally relate to third-party consulting and non-capitalizable technology costs tied directly to the identified projects. We added transformation costs as an adjustment in Q3 2023 for greater transparency around these costs and have applied the adjustment to prior periods for comparison.

⁽²⁾ Adjustments to other income, net reflects non-cash changes in the fair value of warrants liability included in other income, net on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

⁽³⁾ Net income (loss) margin is calculated by dividing net income (loss) by revenues reported on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the applicable period.

⁽⁴⁾ Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by revenues reported on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the applicable period.

Revenues

Revenues from our two offerings of products and services are as follows:

(In thousands)	Three Months Ended September 30,					
	2023 (Unaudited)	% of Revenue	2022 (Unaudited)	% of Revenue	\$ Variance	% Variance
Digital Ad Solutions	\$ 50,501	55.5 %	\$ 52,360	56.4 %	\$ (1,859)	(3.6)%
Cross Platform Solutions ⁽¹⁾	40,499	44.5 %	40,423	43.6 %	76	0.2 %
Total revenues	\$ 91,000	100.0 %	\$ 92,783	100.0 %	\$ (1,783)	(1.9)%

⁽¹⁾ Cross Platform Solutions revenue includes revenue from our movies business, which was \$8.7 million in the third quarter of 2022 and 2023.

(In thousands)	Nine Months Ended September 30,					
	2023 (Unaudited)	% of Revenue	2022 (Unaudited)	% of Revenue	\$ Variance	% Variance
Digital Ad Solutions	\$ 153,597	55.6 %	\$ 157,127	56.5 %	\$ (3,530)	(2.2)%
Cross Platform Solutions ⁽¹⁾	122,645	44.4 %	121,056	43.5 %	1,589	1.3 %
Total revenues	\$ 276,242	100.0 %	\$ 278,183	100.0 %	\$ (1,941)	(0.7)%

⁽¹⁾ Cross Platform Solutions revenue includes revenue from our movies business, which grew from \$25.3 million in the nine months ended September 30, 2022 to \$26.2 million in the nine months ended September 30, 2023.