

COMSCORE, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	As of December 31,	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 22,750	\$ 20,044
Restricted cash	186	398
Accounts receivable, net of allowances of \$614 and \$798, respectively	63,826	68,457
Prepaid expenses and other current assets	11,228	15,922
Total current assets	97,990	104,821
Property and equipment, net	41,574	36,367
Operating right-of-use assets	18,628	23,864
Deferred tax assets	2,588	3,351
Intangible assets, net	8,115	13,327
Goodwill	310,360	387,973
Other non-current assets	12,040	10,883
Total assets	<u>\$ 491,295</u>	<u>\$ 580,586</u>
Liabilities, Convertible Redeemable Preferred Stock and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 30,551	\$ 29,090
Accrued expenses	34,422	43,393
Contract liabilities	48,912	52,944
Revolving line of credit	16,000	—
Accrued dividends	24,132	7,863
Customer advances	11,076	11,527
Current operating lease liabilities	7,982	7,639
Current portion of contingent consideration	4,806	7,134
Other current liabilities	4,680	5,501
Total current liabilities	182,561	165,091
Non-current operating lease liabilities	23,003	29,588
Non-current portion of accrued data costs	32,833	25,106
Non-current revolving line of credit	—	16,000
Deferred tax liabilities	1,321	2,127
Other non-current liabilities	7,589	10,627
Total liabilities	<u>247,307</u>	<u>248,539</u>
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 December 31, 2023 and 82,527,609 shares authorized, issued, and outstanding as of December 31, 2022; aggregate liquidation preference of \$228,132 as of December 31, 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 December 31, 2023 and 7,472,391 shares authorized as of December 31, 2022; no shares issued or outstanding as of December 31, 2023 or 2022	—	—
Common stock, \$0.001 par value; 13,750,000 shares authorized as of December 31, 2023 and 2022; 5,093,380 shares issued and 4,755,141 shares outstanding as of December 31, 2023, and 4,943,486 shares issued and 4,605,247 shares outstanding as of December 31, 2022 ⁽¹⁾	5	5
Additional paid-in capital ⁽¹⁾	1,696,612	1,690,870
Accumulated other comprehensive loss	(14,110)	(15,940)
Accumulated deficit	(1,396,420)	(1,300,789)
Treasury stock, at cost. 338,239 shares as of December 31, 2023 and 2022 ⁽¹⁾	(229,984)	(229,984)
Total stockholders' equity	56,103	144,162
Total liabilities, convertible redeemable preferred stock and stockholders' equity	<u>\$ 491,295</u>	<u>\$ 580,586</u>

⁽¹⁾ Adjusted retroactively for a 1-for-20 reverse split of our common stock effected on December 20, 2023 (the "Reverse Stock Split").

COMSCORE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except share and per share data)

	Years Ended December 31,		
	2023	2022	2021
Revenues	\$ 371,343	\$ 376,423	\$ 367,013
Cost of revenues ⁽¹⁾⁽²⁾	205,580	205,294	203,044
Selling and marketing ⁽¹⁾⁽²⁾	63,322	68,453	66,937
Research and development ⁽¹⁾⁽²⁾	33,701	36,987	39,123
General and administrative ⁽¹⁾⁽²⁾	51,192	61,200	61,736
Amortization of intangible assets	5,213	27,096	25,038
Impairment of goodwill	78,200	46,300	—
Restructuring	6,234	5,810	—
Impairment of right-of-use and long-lived assets	1,502	156	—
Total expenses from operations	444,944	451,296	395,878
Loss from operations	(73,601)	(74,873)	(28,865)
Interest expense, net	(1,445)	(915)	(7,801)
Other income (expense), net	42	9,785	(5,778)
(Loss) gain from foreign currency transactions	(2,824)	1,166	2,895
Loss on extinguishment of debt	—	—	(9,629)
Loss before income taxes	(77,828)	(64,837)	(49,178)
Income tax provision	(1,533)	(1,724)	(859)
Net loss	\$ (79,361)	\$ (66,561)	\$ (50,037)
Net loss available to common stockholders			
Net loss	(79,361)	(66,561)	(50,037)
Convertible redeemable preferred stock dividends	(16,270)	(15,513)	(12,623)
Total net loss available to common stockholders	\$ (95,631)	\$ (82,074)	\$ (62,660)
Net loss per common share ⁽³⁾ :			
Basic and diluted	\$ (19.88)	\$ (17.71)	\$ (15.51)
Weighted-average number of shares used in per share calculation - Common Stock ⁽³⁾ :			
Basic and diluted	4,811,233	4,634,178	4,040,102
Comprehensive loss:			
Net loss	\$ (79,361)	\$ (66,561)	\$ (50,037)
Other comprehensive loss:			
Foreign currency cumulative translation adjustment	1,830	(3,842)	(5,068)
Total comprehensive loss	\$ (77,531)	\$ (70,403)	\$ (55,105)

⁽¹⁾ Excludes amortization of intangible assets, which is presented separately in the Consolidated Statements of Operations and Comprehensive Loss.

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

	Years Ended December 31,		
	2023	2022	2021
Cost of revenues	\$ 533	\$ 1,144	\$ 1,603
Selling and marketing	380	1,021	1,791
Research and development	411	827	1,079
General and administrative	3,211	5,186	9,375
Total stock-based compensation expense	\$ 4,535	\$ 8,178	\$ 13,848

⁽³⁾ Adjusted retroactively for the Reverse Stock Split.

COMSCORE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended December 31,		
	2023	2022	2021
Operating activities:			
Net loss	\$ (79,361)	\$ (66,561)	\$ (50,037)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Impairment of goodwill	78,200	46,300	—
Depreciation	19,778	16,828	15,793
Non-cash operating lease expense	5,456	6,060	5,345
Amortization of intangible assets	5,213	27,096	25,038
Stock-based compensation expense	4,535	8,178	13,848
Amortization expense of finance leases	1,929	2,364	2,188
Impairment of right-of-use and long-lived assets	1,502	156	—
Change in fair value of contingent consideration liability	350	2,558	—
Deferred tax provision	(35)	(475)	(1,719)
Change in fair value of warrant liability	(49)	(9,802)	7,689
Loss on extinguishment of debt	—	—	9,629
Non-cash interest expense on senior secured convertible notes	—	—	4,692
Accretion of debt discount	—	—	1,620
Change in fair value of financing derivatives	—	—	(1,800)
Other	1,947	1,910	1,380
Changes in operating assets and liabilities, net of effect of acquisition:			
Accounts receivable	4,781	2,596	(2,081)
Prepaid expenses and other assets	2,185	(805)	(1,145)
Accounts payable, accrued expenses, and other liabilities	(4,121)	7,396	(4,210)
Contract liability and customer advances	(5,517)	(1,587)	(10,777)
Operating lease liabilities	(7,867)	(7,275)	(5,597)
Net cash provided by operating activities	28,926	34,937	9,856
Investing activities:			
Capitalized internal-use software costs	(22,206)	(16,685)	(14,747)
Purchases of property and equipment	(1,580)	(1,137)	(803)
Cash and restricted cash acquired from acquisition	—	—	902
Net cash used in investing activities	(23,786)	(17,822)	(14,648)
Financing activities:			
Principal payments on finance leases	(2,066)	(2,519)	(2,138)
Contingent consideration payment at initial value	(1,037)	—	—
Payments for dividends on convertible redeemable preferred stock	—	(15,512)	(4,760)
Principal payment and extinguishment costs on senior secured convertible notes	—	—	(204,014)
Principal payment and extinguishment costs on secured term note	—	—	(14,031)
Proceeds from borrowings on revolving line of credit	—	—	16,000
Proceeds from issuance of convertible redeemable preferred stock, net of issuance costs	—	—	187,885
Other	(291)	(101)	(1,394)
Net cash used in financing activities	(3,394)	(18,132)	(22,452)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	748	(820)	(1,218)
Net increase (decrease) in cash, cash equivalents and restricted cash	2,494	(1,837)	(28,462)
Cash, cash equivalents and restricted cash at beginning of period	20,442	22,279	50,741
Cash, cash equivalents and restricted cash at end of period	\$ 22,936	\$ 20,442	\$ 22,279
As of December 31,			
	2023	2022	2021
Cash and cash equivalents	\$ 22,750	\$ 20,044	\$ 21,854
Restricted cash	186	398	425
Total cash, cash equivalents and restricted cash	\$ 22,936	\$ 20,442	\$ 22,279

Reconciliation of Non-GAAP Financial Measures

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

	Years Ended December 31,		
	2023	2022	2021
(In thousands)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP net loss	\$ (79,361)	\$ (66,561)	\$ (50,037)
Depreciation	19,778	16,828	15,793
Amortization of intangible assets	5,213	27,096	25,038
Amortization expense of finance leases	1,929	2,364	2,188
Income tax provision	1,533	1,724	859
Interest expense, net	1,445	915	7,801
EBITDA	(49,463)	(17,634)	1,642
Adjustments:			
Impairment of goodwill	78,200	46,300	—
Restructuring	6,234	5,810	—
Stock-based compensation expense	4,535	8,178	13,848
Impairment of right-of-use and long-lived assets	1,502	156	—
Amortization of cloud-computing implementation costs	1,439	1,435	712
Transformation costs ⁽¹⁾	1,283	460	—
Change in fair value of contingent consideration liability	350	2,558	—
Loss on extinguishment of debt	—	—	9,629
Loss on asset disposition	—	7	—
Other (income) expense, net ⁽²⁾	(49)	(9,802)	6,039
Non-GAAP adjusted EBITDA	\$ 44,031	\$ 37,468	\$ 31,870
Net loss margin ⁽³⁾	(21.4)%	(17.7)%	(13.6)%
Non-GAAP adjusted EBITDA margin ⁽⁴⁾	11.9 %	10.0 %	8.7 %
Adjustments:			
Loss (gain) from foreign currency transactions	2,824	(1,166)	(2,895)
Non-GAAP FX adjusted EBITDA	\$ 46,855	\$ 36,302	\$ 28,975

⁽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 2023 for greater transparency around these costs and have applied the adjustment to prior periods for comparison.

⁽²⁾ Adjustments to other (income) expense, net reflect non-cash changes in the fair value of warrants liability, financing derivatives, and interest make-whole derivative included in other income (expense), net on our Consolidated Statements of Operations and Comprehensive Loss.

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

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

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

(Unaudited)

(In thousands, except share and per share data)

	Three Months Ended December 31,	
	2023	2022
Revenues	\$ 95,101	\$ 98,240
Cost of revenues ⁽¹⁾⁽²⁾	50,220	49,379
Selling and marketing ⁽¹⁾⁽²⁾	14,338	16,603
Research and development ⁽¹⁾⁽²⁾	7,909	8,797
General and administrative ⁽¹⁾⁽²⁾	11,416	13,081
Amortization of intangible assets	801	6,773
Impairment of goodwill	34,100	—
Restructuring	779	26
Impairment of right-of-use and long-lived assets	—	156
Total expenses from operations	<u>119,563</u>	<u>94,815</u>
(Loss) income from operations	(24,462)	3,425
Interest expense, net	(304)	(255)
Other (expense) income, net	(383)	1,318
Loss from foreign currency transactions	<u>(2,280)</u>	<u>(4,562)</u>
Loss before income taxes	(27,429)	(74)
Income tax (provision) benefit	<u>(970)</u>	<u>221</u>
Net (loss) income	<u>\$ (28,399)</u>	<u>\$ 147</u>
Net loss available to common stockholders		
Net (loss) income	(28,399)	147
Convertible redeemable preferred stock dividends	<u>(4,287)</u>	<u>(3,910)</u>
Total net loss available to common stockholders	<u>\$ (32,686)</u>	<u>\$ (3,763)</u>
Net loss per common share ⁽³⁾ :		
Basic and diluted	\$ (6.69)	\$ (0.80)
Weighted-average number of shares used in per share calculation - Common Stock ⁽³⁾ :		
Basic and diluted	4,888,089	4,679,038
Comprehensive (loss) income:		
Net (loss) income	\$ (28,399)	\$ 147
Other comprehensive (loss) income:		
Foreign currency cumulative translation adjustment	<u>2,699</u>	<u>5,796</u>
Total comprehensive (loss) income	<u>\$ (25,700)</u>	<u>\$ 5,943</u>

⁽¹⁾ Excludes amortization of intangible assets, which is presented separately in the Consolidated Statements of Operations and Comprehensive Income.

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

	Three Months Ended December 31,	
	2023	2022
Cost of revenues	\$ 98	\$ 267
Selling and marketing	(31)	217
Research and development	78	200
General and administrative	571	280
Total stock-based compensation expense	<u>\$ 716</u>	<u>\$ 964</u>

⁽³⁾ Adjusted retroactively for the Reverse Stock Split.

Reconciliation of Non-GAAP Financial Measures

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

<i>(In thousands)</i>	Three Months Ended December 31,	
	2023	2022
	(Unaudited)	(Unaudited)
GAAP net (loss) income	\$ (28,399)	\$ 147
Depreciation	5,165	4,286
Income tax provision (benefit)	970	(221)
Amortization of intangible assets	801	6,773
Amortization expense of finance leases	661	489
Interest expense, net	304	255
EBITDA	(20,498)	11,729
Adjustments:		
Impairment of goodwill	34,100	—
Restructuring	779	26
Stock-based compensation expense	716	964
Transformation costs ⁽¹⁾	530	—
Amortization of cloud-computing implementation costs	361	359
Change in fair value of contingent consideration liability	98	111
Impairment of right-of-use and long-lived assets	—	156
Other expense (income), net ⁽²⁾	358	(1,324)
Non-GAAP adjusted EBITDA	<u>\$ 16,444</u>	<u>\$ 12,021</u>
Net (loss) income margin ⁽³⁾	(29.9)%	0.1 %
Non-GAAP adjusted EBITDA margin ⁽⁴⁾	17.3 %	12.2 %
Adjustments:		
Loss from foreign currency transactions	2,280	4,562
Non-GAAP FX adjusted EBITDA	<u>\$ 18,724</u>	<u>\$ 16,583</u>

⁽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 2023 for greater transparency around these costs. There were no transformation costs in the three months ended December 31, 2022.

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

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

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

Revenues

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

<i>(In thousands)</i>	Years Ended December 31,					
	2023	% of Revenue	2022	% of Revenue	\$ Variance	% Variance
Digital Ad Solutions	\$ 208,833	56.2 %	\$ 212,510	56.5 %	\$ (3,677)	(1.7)%
Cross Platform Solutions ⁽¹⁾	162,510	43.8 %	163,913	43.5 %	(1,403)	(0.9)%
Total revenues	\$ 371,343	100.0 %	\$ 376,423	100.0 %	\$ (5,080)	(1.3)%

⁽¹⁾ Cross Platform Solutions revenue includes revenue from our movies business, which grew from \$33.9 million in the year ended December 31, 2022 to \$35.3 million in the year ended December 31, 2023.

<i>(In thousands)</i>	Three Months Ended December 31,					
	2023 (Unaudited)	% of Revenue	2022 (Unaudited)	% of Revenue	\$ Variance	% Variance
Digital Ad Solutions	\$ 55,236	58.1 %	\$ 55,383	56.4 %	\$ (147)	(0.3)%
Cross Platform Solutions ⁽¹⁾	39,865	41.9 %	42,857	43.6 %	(2,992)	(7.0)%
Total revenues	\$ 95,101	100.0 %	\$ 98,240	100.0 %	\$ (3,139)	(3.2)%

⁽¹⁾ Cross Platform Solutions revenue includes revenue from our movies business, which grew from \$8.6 million in the fourth quarter of 2022 to \$9.1 million in the fourth quarter of 2023.

<i>(In thousands)</i>	Three Months Ended (Unaudited)				Year Ended	% of Total 2023 Revenue
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	December 31, 2023	
Digital Ad Solutions	\$ 50,447	\$ 52,649	\$ 50,501	\$ 55,236	\$ 208,833	56.2 %
Cross Platform Solutions	41,111	41,035	40,499	39,865	162,510	43.8 %
Total revenues	\$ 91,558	\$ 93,684	\$ 91,000	\$ 95,101	\$ 371,343	100.0 %