

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

	As of December 31,	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 31,126	\$ 46,590
Restricted cash	19,615	20,183
Accounts receivable, net of allowances of \$2,757 and \$1,919, respectively	69,379	71,853
Prepaid expenses and other current assets	16,910	15,357
Total current assets	137,030	153,983
Property and equipment, net	30,973	31,693
Operating right-of-use assets	28,959	36,689
Goodwill	418,327	416,418
Intangible assets, net	52,340	79,559
Deferred tax assets	2,741	2,374
Other non-current assets	7,600	2,979
Total assets	\$ 677,970	\$ 723,695
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 36,640	\$ 44,804
Accrued expenses	48,380	55,507
Contract liabilities	58,529	58,158
Customer advances	12,477	9,886
Current portion of secured term note	12,644	—
Current operating lease liabilities	7,024	6,764
Warrants liability	2,831	7,725
Other current liabilities	5,750	7,393
Total current liabilities	184,275	190,237
Senior secured convertible notes	192,895	184,075
Financing derivatives	11,300	21,587
Non-current operating lease liabilities	36,127	42,497
Non-current contract liabilities	4,156	291
Deferred tax liabilities	627	287
Non-current portion of secured term note	—	12,463
Other non-current liabilities	19,600	13,284
Total liabilities	448,980	464,721
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share; 5,000,000 shares authorized at December 31, 2020 and 2019; no shares issued or outstanding as of December 31, 2020 or 2019	—	—
Common stock, \$0.001 par value per share; 150,000,000 shares authorized as of December 31, 2020 and 2019; 79,703,342 shares issued and 72,938,546 shares outstanding as of December 31, 2020, and 76,829,926 shares issued and 70,065,130 shares outstanding as of December 31, 2019	73	70
Additional paid-in capital	1,621,986	1,609,358
Accumulated other comprehensive loss	(7,030)	(12,333)
Accumulated deficit	(1,156,055)	(1,108,137)
Treasury stock, at cost, and 6,764,796 shares as of December 31, 2020 and 2019	(229,984)	(229,984)
Total stockholders' equity	228,990	258,974
Total liabilities and stockholders' equity	\$ 677,970	\$ 723,695

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

	Years Ended December 31,		
	2020	2019	2018
Revenues	\$ 356,036	\$ 388,645	\$ 419,482
Cost of revenues ^{(1) (2)}	180,712	199,622	200,220
Selling and marketing ^{(1) (2)}	70,220	89,145	108,395
Research and development ^{(1) (2)}	38,706	61,802	76,979
General and administrative ^{(1) (2)}	55,783	66,419	84,535
Amortization of intangible assets	27,219	30,076	32,864
Impairment of right-of-use and long-lived assets	4,671	—	—
Impairment of goodwill	—	224,272	—
Impairment of intangible asset	—	17,308	—
Investigation and audit related	—	4,305	38,338
Restructuring ⁽²⁾	—	3,263	11,837
Settlement of litigation, net	—	2,900	5,250
Total expenses from operations	377,311	699,112	558,418
Loss from operations	(21,275)	(310,467)	(138,936)
Interest expense, net	(35,805)	(31,526)	(16,465)
Other income (expense), net	14,554	1,654	(1,464)
(Loss) gain from foreign currency transactions	(4,490)	336	1,303
Loss before income taxes	(47,016)	(340,003)	(155,562)
Income tax (provision) benefit	(902)	1,007	(3,706)
Net loss	\$ (47,918)	\$ (338,996)	\$ (159,268)
Net loss per common share:			
Basic and diluted	\$ (0.67)	\$ (5.33)	\$ (2.76)
Weighted-average number of shares used in per share calculation - Common Stock:			
Basic and diluted	71,181,496	63,590,882	57,700,603
Comprehensive loss:			
Net loss	\$ (47,918)	\$ (338,996)	\$ (159,268)
Other comprehensive income (loss):			
Foreign currency cumulative translation adjustment	5,303	(1,712)	(4,397)
Total comprehensive loss	\$ (42,615)	\$ (340,708)	\$ (163,665)

⁽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:

	Years Ended December 31,		
	2020	2019	2018 ⁽³⁾
Cost of revenues	\$ 1,288	\$ 1,852	\$ 6,349
Selling and marketing	2,226	3,615	9,452
Research and development	886	1,981	6,580
General and administrative	5,673	9,247	14,770
Restructuring	—	(137)	468
Total stock-based compensation expense	\$ 10,073	\$ 16,558	\$ 37,619

⁽³⁾ Stock-based compensation expense in 2018 includes \$28.5 million for awards granted under our 2018 Equity and Incentive Compensation Plan, which was approved by our stockholders in May 2018.

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

	Years Ended December 31,		
	2020	2019	2018
Operating activities:			
Net loss	\$ (47,918)	\$ (338,996)	\$ (159,268)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Amortization of intangible assets	27,219	30,076	32,864
Depreciation	14,064	12,778	17,259
Stock-based compensation expense	10,073	16,558	37,619
Non-cash interest expense on senior secured convertible notes	9,180	17,374	—
Accretion of debt discount	7,571	6,242	4,812
Non-cash operating lease expense	5,555	5,369	—
Impairment of right-of-use and long-lived assets	4,671	—	—
Provision for bad debts	1,693	727	966
Amortization expense of finance leases	1,652	2,413	—
Amortization of deferred financing costs	1,560	1,078	955
Change in fair value of interest make-whole derivative	871	—	—
Deferred tax provision (benefit)	10	(3,727)	2,019
Change in fair value of financing derivatives	(10,287)	(5,100)	14,226
Change in fair value of warrant liability	(4,894)	2,411	—
Impairment of goodwill	—	224,272	—
Impairment of intangible asset	—	17,308	—
Change in fair value of investment in equity securities	—	2,324	(1,443)
Other	37	(2)	568
Changes in operating assets and liabilities:			
Accounts receivable	2,024	2,738	4,707
Prepaid expenses and other assets	(6,283)	2,198	(2,891)
Accounts payable, accrued expenses, and other liabilities	(17,095)	10,438	(4,955)
Contract liability and customer advances	7,341	(3,477)	(30,013)
Current operating lease liability	(6,327)	(7,638)	—
Insurance recoverable on litigation settlements	—	—	10,000
Net cash provided by (used in) operating activities	717	(4,636)	(72,575)
Investing activities:			
Capitalized internal-use software costs	(15,078)	(11,500)	(9,608)
Purchases of property and equipment	(477)	(2,736)	(4,206)
Proceeds from sale of investment in equity securities	—	3,776	—
Net cash used in investing activities	(15,555)	(10,460)	(13,814)
Financing activities:			
Principal payments on finance leases	(1,754)	(2,535)	—
Principal payments on capital lease and software license arrangements	(367)	(2,070)	(9,006)
Payments for taxes related to net share settlement of equity awards	(117)	(1,267)	(5,263)
Proceeds from the exercise of stock options	142	1,191	2,855
Proceeds from private placement, net of issuance costs paid	—	19,752	—
Proceeds from secured term note	—	13,000	—
Secured term note issuance costs	—	(350)	—
Proceeds from sale-leaseback financing transaction	—	4,252	—
Proceeds from borrowings on senior secured convertible notes	—	—	100,000
Senior secured convertible notes issuance costs	—	—	(5,146)
Financing proceeds received on subscription receivable	—	—	9,679
Net cash (used in) provided by financing activities	(2,096)	31,973	93,119
Effect of exchange rate changes on cash, cash equivalents and restricted cash	902	(302)	(1,657)
Net (decrease) increase in cash, cash equivalents and restricted cash	(16,032)	16,575	5,073
Cash, cash equivalents and restricted cash at beginning of period	66,773	50,198	45,125
Cash, cash equivalents and restricted cash at end of period	\$ 50,741	\$ 66,773	\$ 50,198

	As of December 31,		
	2020	2019	2018
Cash and cash equivalents	\$ 31,126	\$ 46,590	\$ 44,096
Restricted cash	19,615	20,183	6,102
Total cash, cash equivalents and restricted cash	<u>\$ 50,741</u>	<u>\$ 66,773</u>	<u>\$ 50,198</u>

Reconciliation of Non-GAAP Financial Measures

The following table presents a reconciliation of net loss (GAAP) to adjusted EBITDA for each of the periods identified:

	Years Ended December 31,		
	2020 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
<i>(In thousands)</i>			
Net loss (GAAP)	\$ (47,918)	\$ (338,996)	\$ (159,268)
Interest expense, net	35,805	31,526	16,465
Amortization of intangible assets	27,219	30,076	32,864
Depreciation	14,064	12,778	17,259
Amortization expense of finance leases	1,652	2,413	—
Income tax provision (benefit)	902	(1,007)	3,706
EBITDA	31,724	(263,210)	(88,974)
Adjustments:			
Stock-based compensation expense	10,073	16,695	37,151
Impairment of right-of-use and long-lived assets	4,671	—	—
Impairment of goodwill	—	224,272	—
Impairment of intangible asset	—	17,308	—
Investigation and audit related	—	4,305	38,338
Restructuring	—	3,263	11,837
Settlement of certain litigation, net ⁽¹⁾	—	2,900	5,250
Other (income) expense, net ⁽²⁾	(14,164)	682	12,783
Adjusted EBITDA	<u>\$ 32,304</u>	<u>\$ 6,215</u>	<u>\$ 16,385</u>

⁽¹⁾ Settlement of certain litigation, net includes settlement amounts incurred for certain legal proceedings defined by our senior secured convertible notes (the "Notes"), which amounts are classified as general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss.

⁽²⁾ Adjustments to other (income) expense, net, reflect non-cash changes in the fair value of financing derivatives, warrants liability and equity securities investment included in other income (expense), net and certain legal expenses defined by the Notes and classified as general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss. Additionally, we recorded transaction costs related to the issuance of warrants, which costs were allocated to the warrants liability and recorded in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss. The remaining transaction costs were recorded in additional paid-in capital in the Consolidated Balance Sheets.

The following tables present a reconciliation of net loss (GAAP) to non-GAAP net loss for each of the periods identified:

(In thousands)	Years Ended December 31,		
	2020	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)
Net loss (GAAP)	\$ (47,918)	\$ (338,996)	\$ (159,268)
Adjustments:			
Amortization of intangible assets	27,219	30,076	32,864
Stock-based compensation expense	10,073	16,695	37,151
Impairment of right-of-use and long-lived assets	4,671	—	—
Impairment of goodwill	—	224,272	—
Impairment of intangible asset	—	17,308	—
Investigation and audit related	—	4,305	38,338
Restructuring	—	3,263	11,837
Settlement of certain litigation, net ⁽¹⁾	—	2,900	5,250
Other (income) expense, net ⁽²⁾	(14,164)	682	12,783
Non-GAAP net loss	\$ (20,119)	\$ (39,495)	\$ (21,045)

⁽¹⁾ Settlement of certain litigation, net includes settlement amounts incurred for certain legal proceedings defined by the Notes, which amounts are classified as general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss.

⁽²⁾ Adjustments to other (income) expense, net, reflect non-cash changes in the fair value of financing derivatives, warrants liability and equity securities investment included in other income (expense), net and certain legal expenses defined by the Notes and classified as general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss. Additionally, we recorded transaction costs related to the issuance of warrants, which costs were allocated to the warrants liability and recorded in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss. The remaining transaction costs were recorded in additional paid-in capital in the Consolidated Balance Sheets.

We do not provide GAAP net income (loss) on a forward-looking basis because we are unable to predict with reasonable certainty our future stock-based compensation expense, litigation and restructuring expense, fair value adjustments for financing derivatives and warrants, interest expense, and any unusual gains or losses without unreasonable effort. These items are uncertain, depend on various factors, and could be material to results computed in accordance with GAAP. For this reason, we are unable without unreasonable effort to provide a reconciliation of adjusted EBITDA, adjusted EBITDA margin or non-GAAP net loss to the most directly comparable GAAP measure, GAAP net income (loss), on a forward-looking basis.

Supplemental Non-GAAP Disclosure

The following tables present a reconciliation of certain non-GAAP expense line items (to be discussed on today's conference call) to the most directly comparable GAAP expense line items. GAAP expense line items have been adjusted to exclude the effects of stock-based compensation.

(In thousands)	Years Ended December 31,							
	2020				2019			
	(Unaudited)				(Unaudited)			
	As reported (GAAP)	Less: stock- based compensation	As adjusted (non-GAAP)	% of GAAP Revenue	As reported (GAAP)	Less: stock- based compensation	As adjusted (non-GAAP)	% of GAAP Revenue
Revenues	\$ 356,036			100.0 %	\$ 388,645			100.0 %
Cost of revenues	180,712	\$ 1,288	\$ 179,424	50.4 %	199,622	\$ 1,852	\$ 197,770	50.9 %
Gross profit	175,324	(1,288)	176,612	49.6 %	189,023	(1,852)	190,875	49.1 %
Selling and marketing	70,220	2,226	67,994	19.1 %	89,145	3,615	85,530	22.0 %
Research and development	38,706	886	37,820	10.6 %	61,802	1,981	59,821	15.4 %
General and administrative	55,783	5,673	50,110	14.1 %	66,419	9,247	57,172	14.7 %
Restructuring	—	—	—	— %	3,263	(137)	3,400	0.9 %

We do not provide GAAP cost of revenues, selling and marketing, research and development, general and administrative, and restructuring expense on a forward-looking basis because we are unable to predict with reasonable certainty our future stock-based compensation expense without unreasonable effort. Stock-based compensation expense is uncertain, depends on various factors, and could be material to results computed in accordance with GAAP. For this reason, we are unable without unreasonable effort to provide a reconciliation of non-GAAP operating expense to the most directly comparable GAAP measure on a forward-looking basis.

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

	Three Months Ended December 31,	
	2020	2019
Revenues	\$ 89,990	\$ 95,163
Cost of revenues ^{(1) (2)}	43,499	46,831
Selling and marketing ^{(1) (2)}	17,869	20,555
Research and development ^{(1) (2)}	9,304	12,639
General and administrative ^{(1) (2)}	14,363	15,878
Amortization of intangible assets	6,705	6,925
Investigation and audit related	—	129
Restructuring	—	(1,886)
Total expenses from operations	91,740	101,071
Loss from operations	(1,750)	(5,908)
Interest expense, net	(9,076)	(8,350)
Other income (expense), net	1,692	(4,967)
Loss from foreign currency transactions	(2,338)	(432)
Loss before income taxes	(11,472)	(19,657)
Income tax provision	(1,740)	(1,733)
Net loss	\$ (13,212)	\$ (21,390)
Net loss per common share:		
Basic and diluted	\$ (0.18)	\$ (0.31)
Weighted-average number of shares used in per share calculation - Common Stock:		
Basic and diluted	72,814,261	69,644,437
Comprehensive loss:		
Net loss	\$ (13,212)	\$ (21,390)
Other comprehensive income:		
Foreign currency cumulative translation adjustment	3,862	1,182
Total comprehensive loss	\$ (9,350)	\$ (20,208)

⁽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 December 31,	
	2020	2019
Cost of revenues	\$ 89	\$ (28)
Selling and marketing	272	456
Research and development	69	118
General and administrative	2,115	1,879
Total stock-based compensation expense	\$ 2,545	\$ 2,425

Reconciliation of Non-GAAP Financial Measures

The following table presents a reconciliation of net loss (GAAP) to adjusted EBITDA for each of the periods identified:

	Three Months Ended December 31,	
	2020	2019
(In thousands)	(Unaudited)	(Unaudited)
Net loss (GAAP)	\$ (13,212)	\$ (21,390)
Interest expense, net	9,076	8,350
Amortization of intangible assets	6,705	6,925
Depreciation	3,747	3,331
Finance lease amortization expense	443	439
Income tax provision	1,740	1,733
EBITDA	8,499	(612)
Adjustments:		
Stock-based compensation expense	2,545	2,425
Investigation and audit related	—	129
Restructuring	—	(1,886)
Other (income) expense, net ⁽¹⁾	(1,658)	5,413
Adjusted EBITDA	<u>\$ 9,386</u>	<u>\$ 5,469</u>

⁽¹⁾ Adjustments to other (income) expense, net, reflect non-cash changes in the fair value of financing derivatives and warrants liability included in other income (expense), net on our Consolidated Statements of Operations and Comprehensive Loss.

The following tables present a reconciliation of net loss (GAAP) to non-GAAP net loss for each of the periods identified:

	Three Months Ended December 31,	
	2020	2019
(In thousands)	(Unaudited)	(Unaudited)
Net loss (GAAP)	\$ (13,212)	\$ (21,390)
Adjustments:		
Amortization of intangible assets	6,705	6,925
Stock-based compensation expense	2,545	2,425
Investigation and audit related	—	129
Restructuring	—	(1,886)
Other (income) expense, net ⁽¹⁾	(1,658)	5,413
Non-GAAP net loss	<u>\$ (5,620)</u>	<u>\$ (8,384)</u>

⁽¹⁾ Adjustments to other (income) expense, net, reflect non-cash changes in the fair value of financing derivatives and warrants liability included in other income (expense), net on our Consolidated Statements of Operations and Comprehensive Loss.

	Three Months Ended			
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020
(In thousands)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net loss (GAAP)	\$ (13,184)	\$ (10,401)	\$ (11,121)	\$ (13,212)
Adjustments:				
Amortization of intangible assets	6,918	6,846	6,750	6,705
Impairment of right-of-use and long-lived assets	4,671	—	—	—
Stock-based compensation expense	2,658	2,346	2,524	2,545
Other income, net ⁽¹⁾	(6,892)	(1,542)	(4,072)	(1,658)
Non-GAAP net loss	<u>\$ (5,829)</u>	<u>\$ (2,751)</u>	<u>\$ (5,919)</u>	<u>\$ (5,620)</u>

⁽¹⁾ Adjustments to other income, net, reflect non-cash changes in the fair value of financing derivatives and warrants liability included in other income (expense), net on our Consolidated Statements of Operations and Comprehensive Loss.

(In thousands)	Three Months Ended			
	March 31, 2019 (Unaudited)	June 30, 2019 (Unaudited)	September 30, 2019 (Unaudited)	December 31, 2019 (Unaudited)
Net loss (GAAP)	\$ (27,514)	\$ (279,533)	\$ (10,559)	\$ (21,390)
Adjustments:				
Amortization of intangible assets	8,105	8,076	6,970	6,925
Stock-based compensation expense	6,953	4,304	3,013	2,425
Investigation and audit related	842	2,354	980	129
Restructuring	(70)	2,949	2,270	(1,886)
Impairment of goodwill	—	224,272	—	—
Impairment of intangible assets	—	17,308	—	—
Settlement of certain litigation, net ⁽¹⁾	—	5,000	(2,100)	—
Private placement issuance costs	—	1,154	(416)	—
Other (income) expense, net ⁽²⁾	(2,388)	3,304	(6,385)	5,413
Non-GAAP net loss	\$ (14,072)	\$ (10,812)	\$ (6,227)	\$ (8,384)

⁽¹⁾ Settlement of certain litigation, net includes settlement amounts incurred for certain legal proceedings defined by the Notes, which amounts are classified as general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss.

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

Supplemental Non-GAAP Disclosure

The following tables present a reconciliation of certain non-GAAP expense line items (to be discussed on today's conference call) to the most directly comparable GAAP expense line items. GAAP expense line items have been adjusted to exclude the effects of stock-based compensation.

(In thousands)	Three Months Ended December 31,							
	2020 (Unaudited)				2019 (Unaudited)			
	As reported (GAAP)	Less: stock- based compensation	As adjusted (non-GAAP)	% of GAAP Revenue	As reported (GAAP)	Less: stock- based compensation	As adjusted (non-GAAP)	% of GAAP Revenue
Revenues	\$ 89,990			100.0 %	\$ 95,163			100.0 %
Cost of revenues	43,499	\$ 89	\$ 43,410	48.2 %	46,831	\$ (28)	\$ 46,859	49.2 %
Gross profit	46,491	(89)	46,580	51.8 %	48,332	28	48,304	50.8 %
Selling and marketing	17,869	272	17,597	19.6 %	20,555	456	20,099	21.1 %
Research and development	9,304	69	9,235	10.3 %	12,639	118	12,521	13.2 %
General and administrative	14,363	2,115	12,248	13.6 %	15,878	1,879	13,999	14.7 %
Restructuring	—	—	—	— %	(1,886)	—	(1,886)	(2.0)%

Revenues

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

Year Ended December 31,

<i>(In thousands)</i>	2020	% of Revenue	2019	% of Revenue	\$ Variance	% Variance
Ratings and Planning	\$ 253,652	71.2 %	\$ 271,623	69.9 %	\$ (17,971)	(6.6)%
Analytics and Optimization	69,080	19.4 %	74,725	19.2 %	(5,645)	(7.6)%
Movies Reporting and Analytics	33,304	9.4 %	42,297	10.9 %	(8,993)	(21.3)%
Total revenues	\$ 356,036	100.0 %	\$ 388,645	100.0 %	\$ (32,609)	(8.4)%

Three Months Ended December 31,

<i>(In thousands)</i>	2020 (Unaudited)	% of Revenue	2019 (Unaudited)	% of Revenue	\$ Variance	% Variance
Ratings and Planning	\$ 63,634	70.7 %	\$ 66,790	70.2 %	\$ (3,156)	(4.7)%
Analytics and Optimization	19,253	21.4 %	17,722	18.6 %	1,531	8.6 %
Movies Reporting and Analytics	7,103	7.9 %	10,651	11.2 %	(3,548)	(33.3)%
Total revenues	\$ 89,990	100.0 %	\$ 95,163	100.0 %	\$ (5,173)	(5.4)%