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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Form 10-K**

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**(Mark One)**

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| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| ☑ | | | **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** | | |

**For the fiscal year ended December 31, 2022**

**OR**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| ☐ | | | **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 001-33520**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**COMSCORE, INC.**

***(Exact Name of Registrant as Specified in its Charter)***

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
| **Delaware** | | |  | | | **54-1955550** | | |
| *(State or Other Jurisdiction of Incorporation or Organization)* | | |  | | | *(I.R.S. Employer Identification Number)* | | |

**11950 Democracy Drive, Suite 600**

**Reston, Virginia 20190**

*(Address of Principal Executive Offices)*

**(703) 438-2000**

*(Registrant's Telephone Number, Including Area Code)*

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Title of Each Class | | |  | | | Trading Symbol | | |  | | | Name of Each Exchange on Which Registered | | |
| Common Stock, par value $0.001 per share | | |  | | | SCOR | | |  | | | NASDAQ Global Select Market | | |

**Securities registered pursuant to Section 12(g) of the Act**: None.

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes ☐  No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  Yes ☐  No ☑

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.

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| Large accelerated filer | | | ☐ | | |  | | | Accelerated filer | | | ☑ | | |
| Non-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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

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

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant, as of June 30, 2022, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $160.0 million (based on the closing price of the registrant's common stock on the Nasdaq Global Select Market on that date). Solely for purposes of this disclosure, shares of the registrant's common stock held by executive officers and directors and each person who owned 10% or more of the outstanding common stock of the registrant have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not a conclusive determination for other purposes.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: As of February 24, 2023, there were 92,187,156 shares of the registrant's common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Specified portions of the registrant's Proxy Statement with respect to its 2023 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission no later than 120 days following the end of the registrant's fiscal year ended December 31, 2022, are incorporated by reference in Part III of this Annual Report on Form 10-K.

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**COMSCORE, INC.**

**ANNUAL REPORT ON FORM 10-K**

**FOR THE PERIOD ENDED DECEMBER 31, 2022**

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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

*We may make certain statements, including in this Annual Report on Form 10-K, or 10-K, including the information contained in* [*Item 7*](#i0047531bd13046b986557e31951e34f8_49)*, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this 10-K, and the information incorporated by reference in this 10-K, that constitute forward-looking statements within the meaning of federal and state securities laws. Forward-looking statements are all statements other than statements of historical fact. We attempt to identify these forward-looking statements by words such as "may," "will," "should," "could," "might," "expect," "plan," "anticipate," "believe," "estimate," "target," "goal," "predict," "intend," "potential," "continue," "seek" and other comparable words. Similarly, statements that describe our business strategy, goals, prospects, opportunities, outlook, objectives, plans or intentions are also forward-looking statements. These statements may relate to, but are not limited to, expectations of future operating results or financial performance; expectations regarding the impact on our business of the coronavirus ("COVID-19") pandemic and global measures to mitigate the spread of the virus; expectations regarding our restructuring activities and cost-reduction initiatives; macroeconomic trends that we expect may influence our business, including any recession or changes in consumer behavior resulting from the COVID-19 pandemic or other factors; plans for financing and capital expenditures; expectations regarding liquidity, customer payments and compliance with debt and financing covenants and other payment obligations; expectations regarding enhanced commercial relationships and the development and introduction of new products; potential limitations on our net operating loss carryforwards and other tax assets; regulatory compliance and expected changes in the regulatory or privacy landscape affecting our business; expected impact of litigation and regulatory proceedings; and plans for growth and future operations, as well as assumptions relating to the foregoing.*

*Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. These statements are based on expectations and assumptions as of the date of this 10-K regarding future events and business performance and involve known and unknown risks, uncertainties and other factors that may cause actual events or results to be materially different from any future events or results expressed or implied by these statements. These factors include those set forth in the following discussion and within* [*Item 1A*](#i0047531bd13046b986557e31951e34f8_22)*, "Risk Factors" of this 10-K and elsewhere within this report, and those identified in other documents that we file from time to time with the U.S. Securities and Exchange Commission, or SEC.*

*We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are not able to accurately predict or control and that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. You should not place undue reliance on forward-looking statements, which apply only as of the date of this 10-K. You should carefully review the risk factors described in this 10-K and in other documents that we file from time to time with the SEC. Except as required by applicable law, including the rules and regulations of the SEC, we undertake no obligation, and expressly disclaim any duty, to publicly update or revise forward-looking statements, whether as a result of any new information, future events or otherwise. Although we believe the expectations reflected in the forward-looking statements are reasonable as of the date of this 10-K, our statements are not guarantees of future results, levels of activity, performance, or achievements, and actual outcomes and results may differ materially from those expressed in, or implied by, any of our statements.*

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**PART I**

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| **ITEM 1.** | | | ***BUSINESS*** | | |

*Unless the context requires otherwise, references in this 10-K to "Comscore," "we," "us," the "Company" and "our" refer to comScore, Inc. and its consolidated subsidiaries. We have registered trademarks around the globe, including Unified Digital Measurement®, UDM®, vCE®, Metrix®, Essentials®, Box Office Essentials®, OnDemand Essentials®, and TV Essentials®. This 10-K also contains additional trademarks and trade names of our company and our subsidiaries. We file and maintain trademark protection for our products and services. All trademarks and trade names appearing in this 10-K are the property of their respective holders.*

**Overview**

We are a global information and analytics company that measures advertising, content, and the consumer audiences of each, across media platforms. We create our products using a global data platform that combines information on digital platforms (connected (Smart) televisions, mobile devices, tablets and computers), television ("TV"), direct to consumer applications, and movie screens with demographics and other descriptive information. We have developed proprietary data science that enables measurement of person-level and household-level audiences, removing duplicated viewing across devices and over time. This combination of data and methods enables a common standard for buyers and sellers to transact on advertising. This helps companies across the media ecosystem better understand and monetize their audiences and develop marketing plans, content and products to more efficiently and effectively reach those audiences. Our ability to unify behavioral and other descriptive data enables us to provide audience ratings, advertising verification, and granular consumer segments that describe hundreds of millions of consumers. Our customers include digital publishers, television networks, movie studios, content owners, brand advertisers, agencies and technology providers.

The information we analyze crosses geographies, types of content and activities, including websites, mobile and over the top ("OTT") applications ("apps"), video games, television and movie programming, electronic commerce ("e-commerce") and advertising.

We are a Delaware corporation headquartered in Reston, Virginia with principal offices located at 11950 Democracy Drive, Suite 600, Reston, VA 20190. Our telephone number is 703-438-2000.

**Recent Key Developments**

Leadership Changes

On July 5, 2022, our Board of Directors (the "Board") appointed Jonathan Carpenter as our Chief Executive Officer, effective July 6, 2022. In connection with Mr. Carpenter's appointment, William Livek retired as our Chief Executive Officer. Also on July 5, 2022, the Board appointed Mary Margaret Curry as our Chief Financial Officer and Treasurer, effective July 6, 2022. Ms. Curry continues to serve as our principal accounting officer.

On August 22, 2022, our Board appointed Greg Dale as Chief Operating Officer and David Algranati as Chief Innovation Officer of the Company, effective August 23, 2022. We also announced that our Chief Commercial Officer, Chris Wilson, would depart the Company effective October 1, 2022.

Organizational Restructuring

On September 29, 2022, we communicated a workforce reduction as part of our broader efforts to improve cost efficiency and better align our operating structure and resources with strategic priorities (collectively, the "Restructuring Plan"). In addition to employee terminations, the Restructuring Plan is expected to include the reallocation of commercial and product development resources; reinvestment in and modernization of key technology platforms; consolidation of data storage and processing activities to reduce our data center footprint; and reduction of other operating expenses, including software and facility costs. We may also determine to exit certain activities in certain geographic regions in order to more effectively align resources with business priorities.

Amendment to Revolving Credit Agreement

On February 25, 2022, we entered into an amendment to our senior secured revolving credit agreement (the "Revolving Credit Agreement") to expand our aggregate borrowing capacity from $25.0 million to $40.0 million. The 2022 amendment also replaced the Eurodollar Rate with a SOFR-based interest rate and modified the Applicable Rate definition in the Revolving Credit Agreement to increase the Applicable Rate payable on SOFR-based loans to 2.50%. Finally, the amendment modified certain financial covenants under the Revolving Credit Agreement.

On February 24, 2023, we entered into an additional amendment to the Revolving Credit Agreement that further modified our financial covenants, introduced a minimum liquidity covenant, and increased the Applicable Rate payable on SOFR-based loans to 3.50%. Refer to [Footnote 16](#i0047531bd13046b986557e31951e34f8_163), *Subsequent Events,* of the Notes to the Consolidated Financial Statements for additional information about the 2023 amendment.

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Macroeconomic Factors

During 2020 and 2021, the COVID-19 pandemic and related government mandates and restrictions had a significant impact on the media, advertising and entertainment industries in which we operate. The pandemic also had an impact on our business, including with respect to the execution of new and renewal contracts, the impact of closed movie theaters on our customers, customer payment delays and requests to modify contractual payment terms. In response to the COVID-19 pandemic, we took actions in 2020 and 2021 to mitigate the liquidity impact, including freezing hiring, exiting non-critical consultants and contractors, terminating or negotiating reductions in vendor agreements and leases, and reducing certain travel, marketing, recruiting and other corporate activities. Although we cannot quantify the impact that the pandemic may have on our business in the future, we saw positive recovery in 2022, including the reopening of theaters in most markets worldwide. At the same time, however, macroeconomic factors such as inflation, rising interest rates, and supply chain disruptions caused some advertisers to reduce or delay advertising expenditures in the second half of 2022. These declines had a direct impact on demand for our products, particularly those for which we recognize revenue based on impressions used. We expect that softness in the advertising market will continue to affect our business in 2023.

**Background and Market**

We were founded in 1999 on the belief that digital technology would transform the interactions between people, media and brands in ways that would generate substantial demand for data and analytics about that interaction. The growing adoption of digital technologies also allowed measurement of the behavior of consumers' online activities. Based on this vision, we built a global opt-in panel that provided insight into online activities. Over the years we have enhanced our product offerings by uniting panel data with census-level data from website tags and other sources, and we expanded our presence in various markets. We also have access to millions of television and video on demand ("VOD") screens and the ability to measure box office results from movie screens across the world.

In December 2021, we acquired Shareablee, Inc. ("Shareablee"), allowing us to expand our Media Metrix® and Video Metrix® currencies to include Shareablee's social media engagement and video insights, in order to bridge the industry gap of traditional digital and social measurement services.

**Our Approach to Media Measurement**

Our approach to measuring media consumption addresses the ubiquitous nature of media content and the fragmentation caused by the variety of platforms and technologies used to access such content. Advertising exposure and effectiveness is another rapidly changing and fragmented area where we apply scale for validation and campaign measurement across devices, platforms and ecosystem technology providers. We believe this fragmentation presents major challenges to using legacy measurement systems that are comprised of relatively small panels of cooperating consumers or limited to specific media platforms. Our products and services are built on measurement and analytic capabilities comprised of broad-based data collection, proprietary databases, internally developed software and a computational infrastructure to measure, analyze and report on digital, television and movie activity at the level of granularity that we believe the media and advertising industries need.

Data Collection

The following collection methods illustrate our extensive data sourcing:

•We collect data from proprietary consumer panels that measure the use of computers, tablets and smartphones that access the internet. These panelists have agreed to install our passive metering software on their devices, home network or both.

•Comscore's Digital Census Data is our census digital network whereby content publishers share information with us. That sharing includes direct integrations with the publishers, as well as publishers' implementation of our software code (referred to as "tagging") on their websites, in mobile applications and video players to provide us usage information.

•We license certain demographic and behavioral mobile and panel data from third-party data providers.

•We obtain television viewership information from satellite, telecommunications, connected (Smart) TV and cable operators covering millions of television and VOD screens.

•We measure gross receipts and attendance information from movie screens across the world.

•We integrate our digital and television viewership information with other third-party datasets that include consumer demographic characteristics, attitudes, lifestyles and purchase behavior.

•We integrate many of our services with ad serving platforms.

•We utilize knowledgeable in-house industry analysts that span verticals such as pharmaceuticals, media, finance, consumer packaged goods and political information to add value to our data.

•We have created an opt-in Total Home Panel, which can capture data that runs through a home's internet connection. This expands our intelligence to include such activity as game console and Internet of Things ("IOT") device usage.

•We collect content and advertising data from major social platforms for measurement, audience, and lift analysis.

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Data Science and Management

The ability to integrate, manage and transform massive amounts of data is core to our company. We continue to invest in technologies to enable large-scale measurement with protection of consumer privacy and attractive economics. Our systems contain multiple redundancies and advanced distributed processing technologies. We have created innovations such as:

*•*Our United Digital Measurement*®* ("UDM") methodology, which allows us to combine person-centric panel data with website server data. We believe this gives our customers greater accuracy, granularity and relevance in audience measurement.

•Our TV measurement systems, underpinned by multiple patents, which enable us to provide a consistent measurement of TV audience sizes across national, local, and addressable television to customers evaluating programming as well as customers selling and buying TV advertising.

•An ability to de-duplicate audiences across platforms, which is based on direct observations within our consumer panel and census data combined with proprietary data science. This de-duplication allows us to measure the reach and frequency of advertising and content exposure across platforms and over time.

•An ability to capture the full content of a website or app session, which allows us to measure activity beyond page views such as purchase transactions, application submissions and product configurations.

•An ability to intelligently categorize massive amounts of web and video content, which allows us to inform targeted and brand-safe advertising.

Product Delivery

We deliver our products and services through diverse methods to meet the needs of our customers. These include Software-as-a-Service ("SAAS") delivery platforms, application programming interface and other data feeds that integrate directly with customer systems, and integrations with advertising technology providers such as data management platforms and demand-side platforms that enable data management, ad management and programmatic ad trading.

**Our Products and Services**

Our products and services help our customers measure audiences and consumer behavior across media platforms, while offering validation of advertising delivery and its effectiveness. Our customers include:

•Local and national television broadcasters and content owners;

•Network operators including cable companies, mobile operators and internet service providers;

•Distributors of streaming video content;

•Digital content publishers and internet technology companies;

•Advertising technology companies that aggregate supply and demand side inventory for sale to end customers;

•Advertising agencies;

•Movie studios and movie theater operators;

•Financial service companies, including investment firms, consumer banks and credit card issuers;

•Manufacturers and retailers of consumer products such as consumer packaged goods, pharmaceuticals, automotive and electronics; and

•Political campaigns and related organizations.

During 2022, our products and services were organized around two solution groups:

•    Digital Ad Solutions provide measurement of the behavior and characteristics of audiences across digital platforms, including computers, tablets, mobile and other connected devices. This solution group also includes custom offerings that provide end-to-end solutions for planning, optimization and evaluation of advertising campaigns and brand protection across digital platforms, including transactional outcome-based measurement driven by our Activation and Comscore Campaign Ratings ("CCR") products.

•    Cross Platform Solutions provide measurement of content and advertising audiences across local, national and addressable television, including consumption through connected (Smart) televisions, and are designed to help customers find the most relevant viewing audience whether that viewing is linear, non-linear, online or on-demand. This solution group also includes custom offerings that provide end-to-end solutions for planning, optimization and evaluation of advertising campaigns across platforms. In addition, this solution group includes products that measure movie viewership and box office results by capturing movie ticket sales in real time or near real time and includes box office analytics, trend analysis and insights for movie studios and movie theater operators worldwide.

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We categorize our revenue for 2022 and prior periods along these two solution groups; however, our shared cost structure is defined and tracked by function and not by our solution groups. These shared costs include employee costs, operational overhead, data centers and our technology that supports our product offerings.

**Digital Ad Solutions products and services include**:

•Media Metrix Multi-Platform and Mobile Metrix, which measure websites and apps on computers, smartphones and tablets across dozens of countries, are leading currencies for online media planning and enable customers to analyze audience size, reach, engagement, demographics and other characteristics. Publishers use Media Metrix Multi-Platform and Mobile Metrix to demonstrate the value of their audiences and understand market dynamics, and advertisers and their agencies use Media Metrix Multi-Platform and Mobile Metrix to plan and execute effective marketing and content campaigns. These products also provide competitive intelligence such as cross-site visiting patterns, traffic source/loss reporting and local market trends.

•Video Metrix Multi-Platform, which delivers unduplicated measurement of digital video consumption across computer, smartphone, tablet and connected TV ("CTV") devices and provides TV-comparable reach and engagement metrics, as well as audience demographics.

•Plan Metrix, which provides an understanding of consumer lifestyle, buying and other consumption habits, online and offline, by integrating attitudes and interests with online behavior and provides customers with insight into patterns and trends needed to develop and execute advertising and marketing campaigns.

•Total Home Panel Suite, including CTV Intelligence and Connected Home, which capture CTV and IOT device usage and content consumption. Comscore Connected Home enables users to better understand consumer engagement with technology and media by measuring behavior across network and router-connected devices in the home. Comscore CTV Intelligence provides clients with critical insight into consumer streaming activity on TV-connected devices, including smart TVs, streaming sticks and boxes, and gaming consoles.

•CCR, which expands upon validated Campaign Essentials ("vCE") verification of mobile and desktop video campaigns with the addition of video advertising delivered via digital, CTV and TV and provides unduplicated reporting that enables ad buyers and sellers to negotiate and evaluate campaigns across media platforms.

•XMedia Enhanced, which provides a deduplicated view of national programming content across TV, digital, and CTV platforms.

**•**Comscore Marketing Solutions, which provide analytics that integrate online visitation and advertising data, TV viewing, purchase transactions, attitudinal research and other information assets. These custom deliverables are designed to meet client needs in specific industries such as automotive, financial services, media, retail, travel, telecommunications and technology. Applications include path-to-purchase analyses, competitive benchmarking, market segmentation studies, and branded content analytics.

•Lift Models, which measure the impact of advertising on a brand across multiple behavioral and attitudinal dimensions such as brand awareness, purchase intent, online visitation, online and offline purchase behavior and retail store visitation, enabling customers to fine tune campaign strategy and execution.

•Survey Analytics, which measure various types of consumer insights including brand health metrics.

•Activation Solutions, including Audience Activation and Content Activation. Comscore Audience Activation offers targeting with demographics and cross-screen behaviors for digital, mobile and CTV campaigns. Comscore Content Activation provides a robust set of pre-bid inventory filters to help marketers and media companies achieve brand-safe, relevant campaign delivery across desktop, mobile, podcasts, and CTV. A new addition to the Content Activation suite, Predictive Audiences delivers contextually delivered, ID-free segments based on granular audience behaviors.

**Cross Platform Solutions products and services include**:

•Comscore TV - National, which combines TV viewing information with marketing segmentation and consumer databases for enhanced audience intelligence. Comscore TV - National data is also used in analytical applications to help customers better understand the performance of network advertising campaigns.

•Comscore TV - Local, which allows customers to better understand consumer viewing patterns and characteristics across local TV stations and cable channels in their market(s) to promote viewership of a particular station and negotiate inventory pricing based on the size, value and relevance of the audience.

•OnDemand Essentials, which provides multichannel video programming distributors and content providers with transactional tracking and reporting based on millions of television screens, enabling our customers to plan advertising campaigns that more precisely target consumers watching on-demand video content.

•Movie Solutions, including Box Office Essentials and International Box Office Essentials, which provide detailed measurement of domestic and international theatrical gross receipts and attendance, with movie-specific information across the globe; PostTrak, which is an exit polling service that reports audience demographics and the aspects of each title that

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trigger interest and attendance; and Swift, which is an electronic box office reporting system that facilitates the flow of reconciled theater-level ticket transactions.

•Hollywood Software Suite, including Comscore Theatrical Distribution System ("TDS"), Comscore Exhibitor Management System ("EMS"), Comscore Enterprise Web, and Cinema Auditorium Control Engine ("ACE"). Comscore TDS is an advanced software to help manage theatrical distribution worldwide. Comscore EMS provides a virtual staff of booking assistants and accountants working to consolidate point-of-sale data. Comscore Enterprise Web gives circuit managers an over-the-shoulder look at operations inside their theaters. Cinema ACE is a theater management system that drives productivity and efficiency across digital cinema operations.

**Research and Development**

Our research and development activities span our business of media and cross-platform measurement, encompassing data collection, data science, analytical application development and product delivery. We continue to focus on expanding our coverage and scale, precision and granularity across diverse types of media, devices and geographies using our census, panel and other data assets.

Examples of our research and development initiatives include:

•Enhancing our recruiting methods and software applications;

•Developing new technologies to manage, stage and deliver cross-platform data and analytics through traditional web-based user interfaces and via integration with customer systems;

•Designing solutions to continue to measure the online media space while honoring increased privacy concerns, including the development of industry-compatible, interoperable methodologies that will function as browser, regulatory, and legal environments change;

•Creating new methodologies to measure person-level TV and digital consumption at scale and across platforms; and

•Continuing to develop expertise in combining multiple data assets, both to leverage single-platform datasets into representative cross-platform measurements as well as working with the data of partner companies, allowing us to enhance existing services and create new and innovative audience measurement products. These efforts include original research into the measurement of data overlaps and de-duplication in the measurement of reach.

**Recent Product Investments and Releases**

Cookieless - Engineering Products in a Privacy Centric World

Our digital measurement is centered upon using first party panel data combined with additional information captured through census measurement and data partnerships. Historically, we have used cookies and mobile advertising IDs to provide additional context and scale to our digital audience measurement solutions, as well as to assist in more targeted measurement and reportability. The development of new opt-in permissions and enhanced focus on consent-based measurement provide the benefit of limiting the transfer of consumer personal information, but also mean changes to data collection and measurement processes.

We are adopting and developing new methodologies to lead this transition to a more privacy-centric world. A key component is leveraging our capabilities in panels, which we believe give us a competitive advantage in digital and cross-platform management. In parallel, our work with existing and new partners to collaborate and test emerging solutions is intended to expand the reach of our large-scale integrations. We are creating measurement innovations designed to produce stronger products engineered for privacy, building from the pioneering UDM concept and moving toward privacy-first consented identifiers and methodologies.

We are also engaged in industry initiatives that focus on the viability and success of cross media measurement to support the "free web," which is driven by advertising investment. One of these initiatives, championed by the Association of National Advertisers ("ANA"), Google, Meta, and TikTok, is a global privacy measurement framework proposal from the World Federation of Advertisers ("WFA"). In 2021, we were selected by the ANA as a partner in their Cross-Media Measurement initiative for a pilot in measuring privacy-preserving reach and frequency measurements for television and digital media audiences, which is capable of reporting both demographics and cross-platform de-duplication. During 2022, we worked with the ANA to demonstrate that the WFA's framework for content and ad measurement can be successful and scale.

Comscore Predictive Audiences

With third-party cookie deprecation fast approaching, advertisers need bold new solutions to ensure their campaigns continue to reach the right audiences without interruption. In 2021 we launched Predictive Audiences – a cookie-free targeting capability that enables advertisers to reach audiences based on granular consumer behavior through privacy-friendly contextual signals. This solution delivers scale and precision beyond what was previously available in the industry, and can be used across digital, mobile, and CTV campaigns.

**Intellectual Property**

Our intellectual property assets are important to protect our business. We protect our innovations and products with numerous patents, trademarks, copyrights, trade secrets, and other intellectual property. In particular, we file for, and seek to acquire patent rights for our

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innovations and we continue to seek to enhance our patent portfolio through targeted and strategic patent filings and licensing opportunities. We believe that we own the material trademarks used in connection with the marketing, distribution and sale of our products, both domestically and internationally. We will continue to pursue intellectual property opportunities in areas and technologies that we deem to be strategic and appropriate for our business.

Patents

Our patents extend across our data capture and processing techniques and include the following:

•Data Collection - metering such as biometrics and audio fingerprinting, tagging such as video viewability, browser optimization, IP obfuscation and TV-off measurement methodology.

•Data Processing - traffic and content categorization, demographic attribution, ad effectiveness measurement, data overlap and fusion, invalid traffic detection, data weighting, projection and processing of return path data.

Trademarks

We file and maintain trademark protection for our products and services. We rely on trademarks and service marks to protect our intellectual property assets and believe these are important to our marketing efforts and the competitive value of our products and services. We have registered trademarks around the globe, including Unified Digital Measurement®, UDM®, vCE®, Metrix®, Essentials®, Box Office Essentials®, OnDemand Essentials®, and TV Essentials®. This 10-K also contains additional trademarks and trade names of our Company and our subsidiaries. All trademarks and trade names appearing in this 10-K are the property of their respective holders.

Licenses

We license data from third-party providers across the media platforms that we measure. Our licenses include agreements with satellite, telecommunications and cable operators covering television and VOD viewership data, third-party scheduling datasets and data matching partners, and agreements with providers of demographic and behavioral mobile and panel data. See "Our Approach to Media Measurement" above for a discussion of our data sourcing.

**Competition**

The market for audience and advertising measurement products is highly competitive and is evolving rapidly. We compete primarily with other providers of media intelligence and related analytical products and services. We also compete with providers of marketing services and solutions, with full-service survey providers and with internal solutions developed by customers and potential customers. Our principal competitors include:

•Full-service market research firms, including Nielsen, Ipsos and GfK;

•Television measurement competitors, which are evolving with the marketplace and now include advertising measurement startups such as VideoAmp, iSpot and others;

•Companies that provide audience ratings for TV, radio and other media that have extended or may extend their current services, particularly in certain international markets, to the measurement of digital media, including Nielsen Audio (formerly Arbitron) and Xperi Corporation;

•Online advertising companies that provide measurement of online ad effectiveness and ad delivery used for billing purposes, including Nielsen, Google and Meta;

•Companies that provide digital advertising technology point solutions, including DoubleVerify, Integral Ad Science, Oracle Moat and HUMAN;

•Companies that provide audience measurement and competitive intelligence across digital platforms, including Nielsen, Similarweb and Data AI;

•Analytical services companies that provide customers with detailed information about behavior on their own websites, including Adobe Analytics, IBM Digital Analytics and WebTrends Inc.;

•Companies that report Smart TV data such as Vizio, LG, Samsung and Samba TV; and

•Companies that provide consumers with TV and digital services such as DirecTV and Comcast.

We compete based on the following principal factors:

•The ability to provide accurate measurement of digital audiences across multiple digital platforms;

•The ability to provide TV audience measurement based on large-scale data that increases accuracy and reduces variability;

•The ability to provide deduplicated audience measurement across platforms;

•The ability to provide actual, accurate and reliable data regarding audience behavior and activity in a timely manner, including the ability to maintain large and statistically representative panels;

•The ability to provide reliable and objective third-party data that, as needed, is able to receive industry-accepted accreditation;

•The ability to adapt product offerings to emerging digital media technologies and standards;

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•The breadth and depth of products and their flexibility and ease of use;

•The availability of data across various industry verticals and geographic areas and expertise across these verticals and in these geographic areas; and

•The ability to offer products that meet the changing needs of customers, particularly in the evolving privacy environment.

We believe we compete favorably on these factors and that our vision and investments in the future of media measurement across platforms will deliver products and services that our customers will continue to trust and value.

**Government Regulation and Privacy**

Data security and privacy laws apply to our various businesses. We have programs in place to detect, contain and respond to data security incidents; however, increasing technology risks or unauthorized users who successfully breach our network security could misappropriate or misuse our proprietary information or cause interruptions in our services. Many countries have data protection laws with different requirements than those in the U.S., and many states in the U.S. have or are developing their own data protection and privacy requirements. This may result in inconsistent requirements and differing interpretations across jurisdictions.

Governments, privacy advocates and class action attorneys are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data. A number of laws have recently come into effect, and there are proposals pending before federal, state and foreign legislative and regulatory bodies that have affected and are likely to continue to affect our business. For example, the European Union's ("EU") General Data Protection Regulation, or GDPR, became effective in 2018, imposing more stringent EU data protection requirements and providing for greater penalties for noncompliance. In addition, regulators in the EU, the U.S. and elsewhere are increasingly focused on transparency, consent, consumer choice and the collection of data using tracking technologies. In the EU, cross-border data transfers are increasingly scrutinized to ensure compliance, and there have been expanded enforcement efforts in this area. Five U.S. states now have comprehensive privacy laws governing the collection and use of personal information. The California Consumer Privacy Act, which went into effect in 2020, was substantially expanded by the California Privacy Rights Act of 2020, which went into effect in January 2023. The Virginia Consumer Data Protection Act, the Colorado Privacy Act, the Connecticut Data Privacy Act and the Utah Consumer Privacy Act all came into effect or will come into effect in 2023. These U.S. federal and state and foreign laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and impose new and complex requirements on our business. Failure to comply with these laws or other privacy, data collection, data transfer or consent requirements, could result in substantial penalties and reputational harm.

We also monitor actions by the Federal Communications Commission, the Federal Trade Commission, and their state and foreign counterparts, including regulatory developments affecting Internet Service Providers, advertisers and other industry participants.

**Human Capital Management**

Our management of human capital is essential to the success of our company, and our management team is actively engaged in developing a strong, engaged team to execute on our business plans.

As of January 31, 2023, we had 1,382 employees and 174 contingent providers/contractors. Our employee population, which is comprised 94% of full-time employees and 6% of part-time employees, is dispersed across the globe, as outlined below as of December 31, 2022.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  | | | **Percent of Employees** | | |
| North America | | | 61% | | |
| Asia-Pacific Rim | | | 17% | | |
| Europe | | | 12% | | |
| Latin America | | | 10% | | |

The following table outlines the percentage of employees in different functional areas as of December 31, 2022:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  | | | **Percent of Employees** | | |
| Product and Technology | | | 52% | | |
| Sales and Service | | | 23% | | |
| Movies | | | 15% | | |
| General and Administrative | | | 10% | | |
|  | | |  | | |

Employee Engagement & Retention

The development, attraction and retention of talent is critical to the success of our business. We focus on building employee engagement; developing a positive culture of trust, transparency, learning, and involvement; and competitive pay and benefits

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structures to attract and retain employees and protect the intellectual capital that we have built. We regularly review our employee turnover and satisfaction rates, and develop strategies and tactics to improve employee engagement and retention. On average, employee tenure is approximately five years, and more than 10% of our employees have been employed by our company for more than ten years.

We seek to attract and retain the best talent from a diverse group of sources around the world, in order to meet our current and future staffing needs. In addition to a robust employee referral practice and independent outreach, we have developed relationships with universities, professional associations, and industry alliances to further increase our outreach and talent pool. In 2022, our company conducted hiring in North America, Europe, India, and Latin America.

Where feasible within the countries in which we operate, we provide a competitive and varied portfolio of healthcare, wellness, financial, and other benefit offerings to suit the diverse needs and lifestyles of our employees. Within the United States, 84% of our employee population was enrolled in one of our healthcare plans as of December 31, 2022.

We provide virtual, on-demand learning opportunities to all employees, and we also develop and deliver custom learning programs to meet specific business needs and employee interests. In 2022, approximately 80% of our employees participated in learning activities through the on-demand portal.

We believe we have strong labor practices and employee-friendly policies that enable a culture of trust, collaboration, and compliance. Our employment standards begin and end with respect for the dignity and worth of each person. Employees have multiple avenues through which to express opinions, ideas, and concerns, which enables an open culture of communication and inclusion; our policies require that complaints are investigated and any findings are addressed. Our employees are not represented by labor unions outside of those few countries where union representation is a customary practice of doing business. The Company operates a Compliance Management System, a key component of which is mandatory training for all employees in areas including workplace harassment and our code of business conduct.

Work Environment

We believe we have created a work environment, whether in person or virtually, that represents our commitment to safety and wellness. We provide both system and technology capability as well as personal support, including wellness activities and resources, virtual social activities, and support for working parents. Supporting the person, not just the "worker," allows us to maintain business operations without endangering employees or customers. We had no safety incidents reported in 2022.

Diversity and Inclusion

We strive to build and develop a workforce that reflects diversity, equity, and inclusion at all levels of the organization. As of December 31, 2022, over 40% of our global workforce was female and approximately 40% of our executive leaders were female. Within the United States, more than 30% of our employees identified as a person of color or as other than white. Our view is that our culture of involvement and appreciation of others enables us to more fully develop and leverage the strengths of our workforce to meet our business objectives. We place a high value on inclusion and employee-led opportunities across the Company, including the Employee Resource Groups ("ERGs") which are sponsored by senior leadership but are developed and maintained by diverse groups of employees who share or champion common interests, representations, or causes. We currently have ERGs in support of LGBTQ+ persons, people of color, women, young professionals, and remote workers. We have amplified our conversation and actions relating specifically to inclusion and diversity in the last year, taking a more active executive stance and implementing learning and development initiatives, additional ERGs, virtual employee gatherings and activities, and talent acquisition opportunities.

**Locations and Geographic Areas**

We are located around the globe with employees in 17 countries. Our primary geographic market is the United States, followed by Asia, Europe, Latin America and Canada. For information with respect to sales by geographic markets, refer to [Footnote 4](#i0047531bd13046b986557e31951e34f8_106), *Revenue Recognition*, of the Notes to Consolidated Financial Statements.

**Executive Officers and Directors**

Executive Officers

*Jonathan (Jon) Carpenter* has served as our Chief Executive Officer since July 2022 and was our Chief Financial Officer and Treasurer from November 2021 to July 2022. Mr. Carpenter previously served as Chief Financial Officer of Publishers Clearing House, a direct marketing and media company, from June 2016 until November 2021. Prior to Publishers Clearing House, he served in divisional CFO roles for Nielsen Company, Sears Holdings and NBC Universal. He began his career with General Electric in the GE Financial Management Program. Mr. Carpenter holds a bachelor's degree in economics from the University of Vermont.

*Mary Margaret Curry* has served as our Chief Financial Officer and Treasurer since July 2022 and as our Chief Accounting Officer since December 2021. Ms. Curry joined Comscore in 2011 and has served in roles of increasing scope and responsibility since then, including as Global Tax Director (August 2011 to July 2015), Senior Director of Global Tax Compliance and Reporting (July 2015 to May 2018), Vice President of Tax and Treasury (May 2018 to November 2020) and Senior Vice President and Controller (November

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2020 to December 2021). Prior to joining Comscore, she spent nine years with KPMG. Ms. Curry holds bachelor's and master's degrees in accounting from East Carolina University and is a Certified Public Accountant.

*David Algranati* has served as our Chief Innovation Officer since August 2022. Dr. Algranati was our Chief Product Officer from May 2019 to August 2022 and our Senior Vice President, Product Management from January 2016 to May 2019. He previously served as Senior Vice President, Product Innovation and Custom Research at Rentrak Corporation from July 2011 until our merger with Rentrak in January 2016. Prior to Rentrak, he held various roles with Simmons Market Research and Experian. Dr. Algranati holds a bachelor's degree in political science from The George Washington University, master's degrees in statistics and public policy from Carnegie Mellon University, and a doctorate in statistics and public policy from Carnegie Mellon University.

*Gregory (Greg) Dale* has served as our Chief Operating Officer since August 2022 and was our General Manager, Digital from December 2021 to August 2022. Mr. Dale previously served as Chief Operating Officer of Shareablee, Inc., a social media marketing analytics company, from July 2018 through our acquisition of Shareablee in December 2021. Prior to Shareablee, he was Chief Operating Officer of Persado, an artificial intelligence-based marketing content platform, from April 2016 to February 2018. Mr. Dale previously held senior roles with Comscore from 1999 to 2016, and prior to that, worked with data and analytics firm Information Resources, Inc. He holds a bachelor's degree from Purdue University.

Non-Executive Directors

*Nana Banerjee* has served as Chairman of the Board since July 2022 and as a director since March 2021*.* Dr. Banerjee serves as a senior advisor to the CEO of Cerberus Capital Management, a private equity firm, since September 2021. He also serves on the Board of multiple Cerberus portfolio companies. From March 2020 to September 2021, he served as a Senior Managing Director of Cerberus Global Technology Solutions. Dr. Banerjee brings extensive experience in leading, innovating and scaling analytics and technology businesses globally. Prior to joining Cerberus, he served as the President and CEO of McGraw-Hill, an education solutions company, and a member of its Board of Directors from April 2018 to October 2019. From September 2012 to March 2018, he was Group President and an Executive Officer of Verisk Analytics, a data analytics company, with responsibility for its high-growth businesses as well as oversight responsibility for its joint data and development environment and its centralized AI and advanced analytics organizations. He joined Verisk as part of its acquisition of Argus Information and Advisory Services, where he was CEO, and co-president and chief operating officer in prior roles. In other prior roles, Dr. Banerjee served as head of Citibank's credit card business in the United Kingdom and as vice president of marketing and analytics at GE Capital. Dr. Banerjee has a Ph.D. in applied mathematics from the State University of New York, a M.S. degree in mathematics from the Indian Institute of Technology, Delhi, and a B.S. degree with honors in mathematics from St. Stephens College, Delhi. Dr. Banerjee's extensive experience in analytics and technology enable him to bring valuable perspective to our Board.

*Itzhak Fisher* has served as a director since March 2021. Mr. Fisher is the Chairman and founder (2014 to present) of Pereg Ventures, a venture capital fund that invests in B2B information services businesses across the United States and Israel. Previously, he served as the EVP of global product, strategy and business development at Nielsen, as founder and Executive Chairman of Trendum, and as President and CEO of RSL Communications, where he built a telecommunications company that operated in over 20 countries and generated more than $1.5 billion in revenues. Mr. Fisher received a B.S. in Computer Science from New York Institute of Technology and completed advanced studies in computer science at New York University. He served on the board of directors of SITO Mobile from June 2017 to July 2018. His other affiliations include the Strategic Advisory Group, Goldman Sachs; Advisory Board, NYU Courant Institute of Mathematical Sciences; and President's Council, Tufts University. Mr. Fisher brings to our Board substantial experience in creating, operating and investing in digital, media and retail companies.

*Leslie Gillin* has served as a director since January 2023. Ms. Gillin is Chief Growth Officer of Pagaya Technologies, a financial technology company, where she oversees global growth strategy, business development, marketing, public relations and external communications. She joined Pagaya in October 2021 from JPMorgan Chase, where she served as Chief Marketing Officer of the firm (December 2019 to April 2021) and prior to that was President of Chase's CoBrand Cards Services (February 2017 to December 2019). Ms. Gillin has also held senior executive leadership positions at Bank of America, Citi and MBNA, including leadership roles in Canada and Europe. She has been recognized as a Top 50 Women Leaders by *Women We Admire* in 2022, as one of 2022's Top 25 Women Leaders in Financial Technology by *The Financial Technology Report*, honored as a Woman of the Year 2022 by *The Stevie Awards' Women in Business* and a Top 25 CMO to Watch by *Business Insider* in 2020. Ms. Gillin serves on the board of directors of Establishment Labs, a Nasdaq-listed women's biotech company, and has served on the board of The Ad Council, MasterCard UK Forum, the Philadelphia International Council of the Arts, The Please Touch Museum and the Delaware Bankers Association. She holds a degree in international relations and Spanish from the University of Delaware and also attended the University of Salamanca. Ms. Gillin brings a strong background in buy-side media analytics, marketing and financial services to our Board.

*David Kline* has served as a director since March 2021. Mr. Kline is Executive Vice President at Charter Communications, a communications and media company, and President of Spectrum Reach, the advertising sales division of Charter. Mr. Kline joined Charter in 2015 and provides strategic leadership to guide the company in both the traditional and advanced TV advertising space. Mr. Kline joined Charter from Visible World (now FreeWheel), where he served as President and COO directing their household addressable sales and programmatic advertising efforts. Earlier in his career, he served as President and COO of Cablevision Media Sales (now Altice Media Solutions) for more than 17 years. Mr. Kline serves on the board of directors for the Video Advertising Bureau and private companies Ampersand, Blockgraph (where he was appointed Chairman in April 2022) and Canoe. He received a

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B.A. in a personalized study program focusing on marketing, finance, accounting and management from Ohio State University. Mr. Kline is a pioneering leader in the traditional and advanced TV advertising space and brings valuable relationships and perspective to our Board.

*Pierre Liduena* has served as a director since April 2021. Mr. Liduena is Group Vice President, Business Development at Charter Communications, a communications and media company, where he manages strategic partnerships for Charter. Prior to this he was Vice President, Corporate Development at Charter, where he managed M&A and Corporate Ventures activities. Prior to joining Charter in 2012, Mr. Liduena worked at UBS in the Technology, Media & Telecom investment banking group, and at EY in the Audit and Transaction Advisory groups. Mr. Liduena holds a Master in Management from EDHEC Business School in France, and an M.B.A. from the Wharton School of the University of Pennsylvania. In addition, he is a graduate of the Cable Executive Management program at Harvard Business School. Mr. Liduena brings to our Board financial expertise and substantial M&A and industry experience.

*William (Bill) Livek* has served as our Vice Chairman since January 2016. Mr. Livek was our Chief Executive Officer from November 2019 to July 2022 and our President from January 2016 to May 2018. He previously served as Vice Chairman and Chief Executive Officer of Rentrak Corporation, a media measurement and consumer targeting company, from June 2009 until our merger with Rentrak in January 2016. Prior to Rentrak, Mr. Livek was founder and Chief Executive Officer of Symmetrical Capital, an investment and consulting firm; Senior Vice President, Strategic Alliances and International Expansion, of Experian Information Solutions, Inc., a provider of information, analytical and marketing services; and co-President of Experian's subsidiary Experian Research Services. Mr. Livek has served on the board of directors of the Advertising Research Foundation ("ARF") since July 2022, and prior to that was a member of the ARF board of trustees. He holds a B.S. degree in Communications Radio/Television from Southern Illinois University. Mr. Livek brings substantial industry experience and audience measurement expertise to our Board.

*Kathleen (Kathi) Love* has served as a director since April 2019. Ms. Love is currently the CEO of Motherwell Resources LLC, a company devoted to management consulting and executive coaching. Prior to founding Motherwell in 2013, Ms. Love served as the President and CEO of GFK MRI (formerly Mediamark Research). MRI produced audience ratings for the consumer magazine industry in the United States, along with offering a projectable database on the demographics, attitudes, activities and buying behaviors of the U.S. consumer. MRI also developed and sold various software products. In 2018, Ms. Love was inducted into the Market Research Council Hall of Fame. Prior to joining MRI, Ms. Love held executive positions at The New York Times, EMAP Publishing and The Magazine Publishers of America. She has been an adjunct or guest instructor at Rutgers University, Brooklyn College and Queens College. Ms. Love holds a B.A. degree from Douglass College, Rutgers – The State University, an M.A. from Michigan State University and an M.Phil. from The Graduate Center, C.U.N.Y. She has advanced to candidacy for a Ph.D. in psychology and is a professional certified executive coach (PCC) and a member of the International Coach Federation (ICF). She has served on the board of directors of the Advertising Research Foundation, The Media Behavior Institute and the Market Research Council, of which she is past President. She sits on the board of the Associate Alumnae of Douglass College and serves as the treasurer and on the investment committee. She also uses her coaching skills during pro bono work at the Atlas School for Autism.

*Martin (Marty) Patterson* has served as a director since March 2021. Mr. Patterson currently serves as Vice President of Liberty Media Corporation, Qurate Retail, Inc., Liberty TripAdvisor Holdings, Inc. and Liberty Broadband Corporation. He has been with Liberty Media Corporation, a media, communications and entertainment company, and its predecessors since 2010. Mr. Patterson currently serves as a director of Skyhook Wireless, Inc. and was formerly a director of Ideiasnet S.A. He received his B.A. from Colorado College and is a CFA Charterholder. Mr. Patterson brings to our Board extensive experience identifying and evaluating investment opportunities in the technology, media and telecommunications sectors.

*Brent Rosenthal* has served as Lead Director since July 2022 and as a director since January 2016. He served as Chairman of the Board from April 2018 to July 2022. Mr. Rosenthal is the Founder of Mountain Hawk Capital Partners, LLC, an investment fund focused on small and microcap equities in the technology, media, telecom (TMT) and food industries. Mr. Rosenthal has been the Lead Independent Director/Non-Executive Chairman of the board of directors of RiceBran Technologies, a food company, since July 2016 and served as an advisor to the board of directors and executive management of FLYHT Aerospace from December 2019 to June 2020 and as a member of the FLYHT Aerospace board of directors since June 2020. He also served on the board of directors of SITO Mobile, Ltd., a mobile location-based media platform, from August 2016 to July 2018, and as Non-Executive Chairman of its board of directors from June 2017 to July 2018. Previously, Mr. Rosenthal was a Partner in affiliates of W.R. Huff Asset Management where he worked from 2002 to 2016. Mr. Rosenthal served as the Non-Executive Chairman of Rentrak Corporation from 2011 to 2016. He was Special Advisor to the board of directors of Park City Group from November 2015 to February 2018. Mr. Rosenthal earned his B.S. from Lehigh University and M.B.A. from the S.C. Johnson Graduate School of Management at Cornell University. He is an inactive Certified Public Accountant. Mr. Rosenthal brings to our Board financial expertise and experience in the media and information industries.

*Brian Wendling* has served as a director since March 2021. Mr. Wendling is Chief Accounting Officer and Principal Financial Officer of Liberty Media Corporation, Qurate Retail, Inc. and Liberty Broadband Corporation. He is also Senior Vice President and Chief Financial Officer of Liberty TripAdvisor Holdings, Inc. Mr. Wendling has held various positions with these companies and their predecessors since 1999. Prior to joining these companies, he worked in the assurance practice of the accounting firm KPMG. Mr. Wendling has previously served on the boards of Fun Technologies Inc. and CommerceHub, Inc. He also serves on the board of

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Clothes to Kids of Colorado. He received his Bachelor of Science degree in accounting from Indiana University. Mr. Wendling brings over 25 years of accounting, public reporting and compliance experience to our Board.

**Available Information**

We make our periodic and current reports along with amendments to such reports available, free of charge, on our website as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission ("SEC"). Our website address is www.comscore.com, and such reports are made available free of charge under "SEC Filings" in the Investor Relations section of our website. Information contained on our website is not part of this 10-K and is not incorporated herein by reference.

You can read our SEC filings, including this 10-K as well as our other periodic and current reports, on the SEC's website at www.sec.gov.

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| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| **ITEM 1A.** | | | ***RISK FACTORS*** | | |

*An investment in our Common Stock involves a substantial risk of loss. You should carefully consider the following risk factors, together with all of the other information included in this 10-K, before you decide whether to invest in our stock. The risks identified below could materially and adversely affect our business, financial condition and operating results. In that case, the trading price of our Common Stock could decline, and you could lose part or all of your investment. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and operating results, and may result in the loss of part or all of your investment.*

**Summary Risk Factors**

Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows and prospects. These risks are discussed more fully below and include, but are not limited to:

***Risks Related to Our Business and Our Technologies***

•Macroeconomic factors could negatively impact demand for our products and increase our costs.

•The market for our products is highly competitive, and our revenues could decline if we cannot compete effectively.

•If we are unable to provide complete analytics, our ability to maintain and grow our business may be harmed.

•We depend on third parties for data and hosting/delivery services that are critical to our business.

•If we fail to respond to technological developments or evolving industry standards, our products may become obsolete or less competitive.

•Our business may be harmed if we deliver inaccurate or untimely information products, change our methodologies or the scope of information we collect, or are unable to maintain sufficient panels.

•We derive a significant portion of our revenues from subscription-based products, and our customers could terminate or fail to renew their subscriptions.

•Our financial results may suffer if we are unable to retain or add large customers or if we cannot persuade customers to substitute our products for incumbent providers.

•Our acquisitions or partnerships with other companies may not be successful and may divert our management's attention.

•System failures, security breaches, delays in system operations, or failure to pass customer or partner security reviews may harm our business.

•Our restructuring activities may not deliver the expected results and could disrupt our business operations.

•We may not be able to adequately retain and hire qualified personnel.

•The COVID-19 pandemic and other global events could continue to adversely affect our business.

***Risks Related to Our Results of Operations***

•We may fail to meet the expectations of securities analysts or investors, which could cause our stock price to decline.

•We may not generate sufficient cash to service our debt, dividend obligations, lease facilities and trade payables.

•We may incur another impairment of goodwill or other intangible assets.

•Changes in the fair value of our financing derivatives or warrants could adversely affect our financial condition and results.

•We may encounter difficulties managing our costs, may continue to incur net losses, and may not achieve profitability.

•Our net operating loss carryforwards may expire unutilized or underutilized.

***Risks Related to Legal and Regulatory Compliance, Litigation and Tax Matters***

•Concern over privacy violations and data breaches could materially harm our business.

•Domestic or foreign laws may limit our ability to collect and incorporate media usage information in our products and impose costly requirements on our business.

•Third parties could assert that we are infringing their intellectual property rights, or we could be unable to protect and enforce our own intellectual property rights.

•Our use of open source software could limit our ability to sell our products or require us to reengineer our products.

•There could be adverse developments in tax laws or disagreements with our tax positions in the jurisdictions where we operate.

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***Risks Related to International Operations***

•Our business could become increasingly susceptible to risks associated with international operations.

•Export controls and sanctions laws could impair our ability to compete in international markets and subject us to liability.

•Changes in foreign currencies could have a significant effect on our operating results.

***Risks Related to Our Capital Structure and Financings***

•The holders of our Series B Convertible Preferred Stock ("Preferred Stock") have significant influence and rights that may conflict with the interests of our other stockholders.

•We may not realize the anticipated benefits of our Preferred Stock transactions, including commercial benefits from our data license with Charter.

•The market value of our Common Stock could decline if the holders of our Preferred Stock sell their shares when transfer restrictions expire.

•Our financing and debt covenants could restrict our operating flexibility.

•Any failure to meet our debt obligations could adversely affect our business and financial condition.

•We may need additional capital to support our business or meet our debt or dividend obligations, which may not be available on acceptable terms or at all.

***General Risks Related to Ownership of Our Common Stock***

•Securities that we may become obligated to issue under existing or future agreements may cause immediate and substantial dilution to our current stockholders.

•Provisions in our governing documents and under Delaware law might discourage, delay or prevent a change of control or changes in our management.

**Risks Related to Our Business and Our Technologies**

***Macroeconomic factors could adversely affect our business and financial results.***

Our business depends on the health of the media and advertising industries in which we operate. The strength of the advertising market can fluctuate in response to the economic prospects of specific advertisers or industries, advertisers' spending priorities, and the economy in general. In recent months, macroeconomic factors such as inflation, rising interest rates and supply chain disruptions have caused some advertisers to reduce or delay advertising expenditures. These declines, which may continue in future periods, have a direct impact on demand for our products, which measure advertising campaigns and audiences across platforms.

Sustained reductions in advertising spending could result in customers terminating their subscriptions for our products, delaying renewals, or renewing on terms less favorable to us. Furthermore, our newer products, for which we recognize revenue based on impressions used, may be subject to higher fluctuations in revenue from changes in our customers' advertising budgets and spending. Macroeconomic factors could also increase our costs, reducing margins and preventing us from meeting our profitability goals. Finally, these factors make it more difficult for us to predict our future revenue and costs, which could result in misallocation of resources or operating inefficiencies that could harm our business. The extent of the impact of macroeconomic factors on our business is uncertain and may continue to adversely affect our operations and financial results.

***The market for media measurement and analytics products is highly competitive, and if we cannot compete effectively, our revenues could decline and our business could be harmed.***

The market for audience and advertising measurement products is highly competitive and is evolving rapidly. We compete primarily with providers of media intelligence and related analytical products and services. We also compete with providers of marketing services and solutions, with full-service survey providers, and with internal solutions developed by customers and potential customers. In recent years, competition has intensified as a result of the entrance of new competitors and the development of new technologies, products and services in our industry, and we expect this trend to continue. Some of our competitors have substantially greater resources than we do. As a result, these competitors may be able to devote greater resources to development of systems and technologies, acquisition of data, recruitment and retention of personnel, marketing and promotional campaigns, panel retention and development, and other key areas that can impact our ability to compete effectively. In addition, some of our competitors have adopted and may continue to adopt aggressive pricing policies, including the provision of certain services at little or no cost, in order to retain or acquire customers. Furthermore, large software companies, internet platforms and database management companies may enter our market or enhance their current offerings, either by developing competing services or by acquiring our competitors, and could leverage their significant resources and pre-existing relationships with our current and potential customers. Finally, consolidation of our competitors could make it difficult for us to compete effectively. If we are unable to compete successfully against our current and future competitors, we may not be able to retain and acquire customers, and we may consequently experience a decline in revenues, reduced operating margins, loss of market share and diminished value from our products.

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***If we are unable to provide television, digital or cross-platform analytics, or if our analytics are incomplete, our ability to maintain and grow our business may be harmed.***

As the media and advertising industries increasingly evaluate advertising campaigns across various forms of media, such as television, online, and mobile, the ability to measure the combined size and composition of audiences across platforms is increasingly important and in demand. If we are unable to gain or maintain access to information measuring a media component or type, or if we are unable to do so on commercially reasonable terms, our ability to meet our customers' demands and our business and financial performance may be harmed. Furthermore, even if we do have access to television and digital (including mobile and CTV) data, if we have insufficient technology, or encounter challenges in our methodological approaches, our products may be inferior to other offerings, and we may be unable to meet our customers' demands. In such event, our business and financial performance may be harmed.

In particular, our acquisition of television data may be reliant on companies that have historically held a dominant market position measuring television to produce industry-accepted measurement across a combination of media platforms. Our competitors or other providers may have more leverage with data providers and may be unable or unwilling to provide us with access to quality data to support our products, on reasonable terms or at all. Likewise, our acquisition of digital data may be reliant on large digital publishers that may technologically or legally prevent access to their proprietary platforms for research or measurement purposes. Moreover, as mobile devices, technology and CTV viewing continue to proliferate, gaining and maintaining cost-effective access to mobile and CTV data will become increasingly critical, and we could face difficulty in accessing these forms of data. If we are unable to acquire and integrate data effectively and efficiently, or if the cost of data acquisition or integration increases, our business, financial condition and results of operations may be harmed.

***We depend on third parties for data and services that are critical to our business, and our business could suffer if we cannot continue to obtain reliable data from these suppliers or if third parties place additional restrictions on our use of such data.***

We rely on third-party data sources for information usage across the media platforms that we measure, as well as demographics about the people that use such platforms. The availability and accuracy of this data is important to the continuation and development of our products and the performance of our obligations to customers. These data suppliers, some of whom compete with us or our significant stockholders, may increase restrictions on our use of such data, undertake audits (at either our or their expense) of our use of such data, require us to implement new processes with respect to such data, fail to adhere to our quality control, privacy or security standards or otherwise satisfactorily perform services, increase the price they charge us for the data or refuse to license the data to us. Additional restrictions on third-party data could limit our ability to include that data in our products, which could lead to decreased commercial opportunities for our products as well as loss of customers, sales credits, refunds or liability to our customers. To comply with any additional restrictions, we may be required to implement certain additional technological and manual controls that could put pressure on our cost structure and could affect our pricing. Supplier consolidation and increased pricing for additional use cases, including in connection with the integration of acquired companies and technologies, could also put pressure on our cost structure and our ability to meet obligations to our customers. We may be required to enter into vendor relationships, strategic alliances, or joint ventures with some third parties in order to obtain access to the data sources that we need. If our partners do not apply rigorous standards to their data collection methodology and actions, notwithstanding our best efforts, we may receive third-party data that is inaccurate, defective, or delayed. If third-party information is not available to us on commercially reasonable terms, or is found to be inaccurate, it could harm our products, our reputation, and our business and financial performance.

***If we fail to respond to technological developments or evolving industry standards, our products may become obsolete or less competitive.***

We operate in industries that require sophisticated data collection and processing technologies. Our future success will depend in part on our ability to develop new and modify or enhance our existing products and services, including without limitation, our data collection technologies and approaches, in order to meet customer needs, add functionality and address technological advancements and industry standards. For example, the development of opt-in permissions and enhanced focus on consent-based measurement provide the benefit of limiting the transfer of consumer personal information, but also mean changes to our data collection, storage and delivery processes. If we are unable to innovate and adapt our methodologies to meet evolving customer needs, our products may become obsolete or less competitive. As another example, if certain proprietary devices become the primary mode of receiving content and conducting transactions on the internet, and we are unable to adapt to collect information from such devices, then we would not be able to report on digital usage activity. To remain competitive, we will need to develop new products that address these evolving technologies and standards across the universe of media including television, online, and mobile usage. However, we may be unsuccessful in identifying new product opportunities, developing or marketing new products in a timely or cost-effective manner, or obtaining the necessary access to data or technologies needed to support new products, or we may be limited in our ability to operate due to patents held by others. In addition, our product innovations may not achieve the market penetration or price levels necessary for profitability. If we are unable to develop and integrate timely enhancements to, and new features for, our existing methodologies or products or if we are unable to develop new products and technology that keep pace with rapid technological developments, changing industry standards or consumer preferences, our products may become obsolete, less marketable and less competitive, and our business will be harmed.

Furthermore, the market for our products is characterized by changes in protocols and evolving industry standards. For example, industry associations such as the Advertising Research Foundation, the Council of American Survey Research Organizations, the

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Internet Advertising Bureau, and the Media Rating Council as well as foreign and international industry associations have initiated efforts to either review market research methodologies across the media that we measure or develop minimum standards for such research. Failure to seek or achieve accreditation, delays in accreditation, or adverse audit findings may negatively impact the market acceptance of our products. Meanwhile, successful accreditation or audits may lead to costly changes to our procedures and methodologies and may not result in the anticipated commercial benefits.

***Our business may be harmed if we deliver, or are perceived to deliver, inaccurate or untimely information products.***

The metrics contained in our products may be viewed as an important measure of the success of certain businesses, especially those that utilize our metrics to evaluate a variety of investments ranging from their internal operations to advertising initiatives. If the information that we provide to our customers, the media, or the public is inaccurate, or perceived to be inaccurate, whether due to inadequate methodological approaches, errors, biases towards certain available data sources or partners, disparate data sets across our products, defects or errors in data collection and processing (conducted by us or by third parties) or the systems used to collect, process or deliver data, our business may be harmed. Similarly, if the information that we provide to our customers is delayed or perceived to be untimely, our business may be harmed.

Any inaccuracy, perceived inaccuracy, inconsistency or delay in the data reported by us could lead to consequences that could adversely impact our operating results, including loss of customers; sales credits, refunds or liability to our customers; the incurrence of substantial costs to correct any material defect, error or inconsistency; increased warranty and insurance costs; potential litigation; interruptions in the availability of our products; diversion of development resources to improve our processes or delivery; lost or delayed market acceptance and sales of our products; and damage to our brand.

***Our business may be harmed if we change our methodologies or the scope of information we collect.***

We have in the past and may in the future change our methodologies, the methodologies of companies we acquire, or the scope of information we collect. Such changes may result from identified deficiencies in current methodologies, development of more advanced methodologies, changes in our business plans or in industry standards, changes in law or regulatory requirements, changes in technology used by websites, browsers, mobile applications, servers, or media we measure, integration of acquired companies or expressed or perceived needs of our customers, potential customers or partners. Any such changes or perceived changes, or our inability to accurately or adequately communicate to our customers and the media such changes and the potential implications of such changes on the data we have published or will publish in the future, may result in customer dissatisfaction, particularly if certain information is no longer collected or information collected in future periods is not comparable with information collected in prior periods. As a result of future methodology changes, some of our customers that may also supply us with data may decide not to continue buying products or services from us or may decide to discontinue providing us with their data to support our products. Such customers may elect to publicly air their dissatisfaction with the methodological changes made by us, which may damage our brand and harm our reputation.

***If we are not able to maintain panels of sufficient size and scope, or if the costs of establishing and maintaining our panels materially increase, our business could be harmed.***

We believe that the quality, size and scope of our research panels are important to our business. In recent years, however, panel participation has declined, in part due to changes by software providers that have made it more difficult to obtain consent to participate in panels. At the same time, the cost of recruiting new panelists has increased. Although we have taken steps to mitigate the impact of these changes on our business, there can be no assurance that we will be able to maintain panels of sufficient size and scope to provide the quality of marketing intelligence that our customers demand from our products. We anticipate that the cost of panel recruitment will continue to increase with the proliferation of proprietary and secure media content delivery platforms and evolving regulatory requirements, and that the difficulty in collecting these forms of data will continue to grow, which may require significant hardware and software investments, as well as increases to our panel incentive and panel management costs. To the extent that such additional expenses are not accompanied by increased revenues, our operating margins may be reduced and our financial results could be adversely affected. If we are unable to maintain panels of sufficient size and scope, we could face negative consequences, including degradation in the quality of our products, failure to receive accreditation from industry associations, loss of customers and damage to our brand.

***We derive a significant portion of our revenues from sales of our subscription-based products. If our customers terminate or fail to renew their subscriptions, our business could suffer.***

We currently derive a significant portion of our revenues from our syndicated products, which are typically one-year subscription-based products. This has generally provided us with recurring revenue due to high renewal rates among our enterprise customers; however, syndicated digital revenue from our smaller and international customers has declined in recent years. If additional customers terminate their subscriptions for our products, do not renew their subscriptions, delay renewals of their subscriptions or renew on terms less favorable to us, our revenues could decline and our business could suffer.

Our customers have no obligation to renew after the expiration of their initial subscription period, and we cannot be assured that current subscriptions will be renewed at the same or higher dollar amounts, if at all. Furthermore, our newer products, for which revenue is recognized based on impressions used, may be subject to higher fluctuations in revenue. Our customer renewal rates may decline or fluctuate due to a number of factors, including customer satisfaction or dissatisfaction with our products, the costs or

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functionality of our products, the prices or functionality of products offered by our competitors, the health of the advertising marketplace and the industries in which we operate, mergers and acquisitions affecting our customer base, general economic conditions or reductions in our customers' spending levels.

***Our growth depends upon our ability to retain existing large customers and add new large customers. To the extent we are not successful in doing so, our ability to grow revenue and attain profitability and positive cash flow may be impaired.***

Our success depends in part on our ability to sell our products to large customers and on the renewal of subscriptions and contracts with these customers in subsequent years. For the years ended 2022, 2021 and 2020, we derived 34%, 35% and 30%, respectively, of our total revenues from our top 10 customers. Uncertain economic conditions, changes in the regulatory environment or other factors, such as the failure or consolidation of large customer companies, internal reorganization or changes in focus, or dissatisfaction with our products, may cause certain large customers to terminate or reduce their subscriptions and contracts with us. The loss of any one or more of these customers could decrease our revenues and harm our current and future operating results. The addition of new large customers or increases in sales to existing large customers may require particularly long implementation periods and other significant upfront costs, which may adversely affect our profitability or divert resources from our other priorities. To compete effectively, we have in the past been, and may in the future be, forced to offer significant discounts to maintain existing customers or acquire other large customers. In addition, we may be forced to reduce or withdraw from our relationships with certain existing customers or refrain from acquiring certain new customers in order to acquire or maintain relationships with important large customers. As a result, new large customers or increased usage of our products by large customers may cause our profit margins to decline, and our ability to sell our products to other customers could be adversely affected.

***If we are unable to effectively persuade customers to buy our products in substitution for those of an incumbent services provider, our revenue growth may suffer.***

Some of our products require that we persuade prospective customers, or customers of our existing products, to buy our products in substitution for those of an incumbent service provider. In some instances, the customer may have built their systems and processes around the incumbent provider's products. Persuading such customers to switch service providers may be difficult and require longer sales cycles, affecting our ability to increase revenue in these areas. Moreover, the incumbent service provider may have the ability to significantly discount its services or enter into long-term agreements, which could further impede our ability to persuade customers to switch service providers, and accordingly, our ability to increase our revenues.

***We may expand through investments in, acquisitions of, or the development of new products with assistance from, other companies, any of which may not be successful and may divert our management's attention.***

In the past, we completed several strategic acquisitions, most recently our acquisition of Shareablee in 2021. We also may evaluate and enter into discussions regarding an array of potential strategic transactions, including acquiring complementary products, technologies or businesses. An acquisition, investment or business relationship may involve significant operating challenges, expenditures and risks. In particular, we may encounter difficulties integrating the businesses, data, technologies, products, personnel or operations of the acquired companies, particularly if the key personnel of the acquired company choose not to be employed by us, and we may have difficulty retaining the customers and partners of any acquired business due to changes in management and ownership. Acquisitions may also disrupt our ongoing business, divert our resources and require significant management attention that would otherwise be available for ongoing development of our business. Moreover, we cannot guarantee that the anticipated benefits of any acquisition, investment or business relationship would be realized timely, if at all, or that we would not be exposed to unknown liabilities. In connection with any such transaction, we may:

•encounter difficulties retaining key employees of the acquired company or integrating diverse business cultures, particularly in countries where we have not previously had employees;

•incur large charges or substantial liabilities, including without limitation, liabilities associated with products or technologies accused or found to infringe on third-party intellectual property or contractual rights or violate existing or future privacy or security regulations;

•issue shares of our capital stock as part of the consideration, which has been and may be dilutive to existing stockholders;

•become subject to adverse tax consequences, legal disputes, substantial depreciation or deferred compensation charges;

•use cash that we may otherwise need for ongoing or future operation of our business or dividends;

•enter new geographic markets that subject us to different laws and regulations that may have an adverse impact on our business;

•experience difficulties effectively utilizing acquired assets or obtaining required third-party consents;

•encounter difficulties integrating the information and financial reporting systems of acquired businesses, particularly those that operated under accounting principles other than those generally accepted in the U.S. prior to the acquisition by us; and

•incur debt, which may be on terms unfavorable to us or that we are unable to repay.

We also have entered into relationships with certain third-party providers to expand our product offerings, and we may enter into similar arrangements in the future. These or other future relationships or transactions may involve preferred or exclusive licenses,

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discount pricing, provision of our products and services without charge, or investments in other businesses to expand our sales capabilities. These transactions could be material to our financial condition and results of operations, and though these transactions may provide additional benefits, they may not be profitable immediately or in the long term. Negotiating any such transactions could be time-consuming, difficult and expensive, and our ability to close these transactions may be subject to regulatory or other approvals and other conditions that are beyond our control. Consequently, we can make no assurances that any such transactions, investments or relationships, if undertaken and announced, would be completed or successful. The impact of any one or more of these factors could materially and adversely affect our business, financial condition or results of operations.

***System failures, security breaches or delays in the operation of our computer and communications systems may harm our business.***

Our success depends on the efficient and uninterrupted operation of our computer and communications systems and the third-party data centers, cloud providers and SAAS platforms we use. Our ability to collect and report accurate data may be interrupted by a number of factors, including the failure of our network or software systems, computer viruses, security breaches, or variability in the information we ingest.

Our product, information technology and security teams regularly review our systems and security posture and evaluate ways to enhance our processes and controls. In addition, our board of directors and audit committee receive quarterly updates on developments in information technology, security and data governance. We regularly train our employees on information security and related risks, and we conduct third-party audits on our security program (ISO 27001). Nevertheless, we cannot guarantee that a security incident will not occur or that any such incident will be timely detected or remediated. Cyber breaches continue to evolve in sophistication and may be difficult to detect. A security incident or failure of our network or data gathering procedures, or those of our third-party data suppliers, could result in liability to the Company, impede the processing of data, cause the corruption or loss of data, prevent the timely delivery of our products, give rise to government inquiries or enforcement actions, or damage our brand and reputation.

In the future, we may need to expand our network and systems at a more rapid pace than we have in the past. Our network or systems may not be capable of meeting the demand for increased capacity, or we may incur additional expenses to accommodate these capacity demands. In addition, we may lose valuable data or be unable to obtain or provide data on a timely basis or our network may temporarily shut down if we fail to adequately expand or maintain our network capabilities to meet future requirements. Any lapse in our ability to collect or transmit data may decrease the value of our products and prevent us from providing the data requested by our customers and partners. Any disruption in our data processing or any loss, exposure or misuse of internet user data may damage our reputation and result in the loss of customers, partners and vendors and the imposition of penalties or other legal or regulatory action, and our business, financial condition and results of operations could be materially and adversely affected.

***We are subject to customer and partner security reviews, and failure to pass these reviews could have an adverse impact on our operations.***

Many of our customer and partner contracts require that we maintain certain physical and/or information security standards. Any failure to meet such standards could have an adverse impact on our business. In certain cases, we permit a customer or partner to audit our compliance with contractual standards. Negative findings in an audit and/or the failure to adequately remediate in a timely fashion such negative findings could cause customers or partners to terminate their contracts or otherwise have an adverse effect on our reputation, results of operations and financial condition. Further, customers or partners from time to time may require new or stricter physical or information security than they negotiated in their contracts and may condition continued volumes and business on the satisfaction of such additional requirements. Some of these requirements may be expensive to implement or maintain and may not be factored into our contract pricing. Failure to meet these requirements could have an adverse effect on our business.

***We rely on a small number of third-party service providers to host and deliver our products, and any interruptions or delays in services from these third parties could impair the delivery of our products and harm our business.***

We host some of our products and serve our customers from data center facilities located throughout the U.S. While we operate our equipment inside these facilities, we do not control the operation of these facilities, and, depending on service level requirements and costs, we may not continue to operate or maintain redundant data center facilities for all of our products or for all of our data, which could increase our vulnerability. These facilities are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, power loss, telecommunications failures and similar events. They are also subject to break-ins, computer viruses, security breaches, sabotage, intentional acts of vandalism and other misconduct. A natural disaster or an act of terrorism, a decision to close the facilities without adequate notice, or other unanticipated problems could result in lengthy interruptions in availability of our products. We may also encounter capacity limitations at our third-party data centers. Additionally, our data center facility agreements are of limited durations, and our data center facilities have no obligation to renew their agreements with us on commercially reasonable terms, if at all. We select our third-party data center providers through a rigorous process based on redundant capability and compliance with industry standards and audits. We believe that we will be able to renew, or find alternative data center facilities, on commercially reasonable terms, although there can be no guarantee of this. If we are unable to renew our agreements with the owners of the facilities on commercially reasonable terms, or if we migrate to a new data center, we may experience delays in delivering our products until an agreement with another data center facility can be arranged or the migration to a new facility is completed.

If we or the third-party data centers that we use were to experience a major power outage, we would have to rely on back-up generators, which may not function properly, and their supply may be inadequate. Such a power outage could result in the disruption

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of our business. Additionally, if our current facilities fail to have sufficient cooling capacity or availability of electrical power, we would need to find alternative facilities and could experience delays in delivering our products.

We have engaged in an initiative to transform certain data collection, processing and delivery systems from traditional data centers to cloud-based platforms. The migration of these processes requires significant time and resources from our management, technology and operations personnel and introduces new requirements for security, financial and software development controls. This initiative may divert resources from other priorities, which could have a negative impact on our revenue and growth opportunities. If the migration of these processes is not successful, or if the initiative takes longer or requires more resources than we anticipate, our results of operations and financial condition could be adversely affected.

We depend on access to the internet through third-party bandwidth providers to operate our business. If we lose the services of one or more of our bandwidth providers for any reason, we could experience disruption in the delivery of our products or be required to retain the services of a replacement bandwidth provider. It may be difficult for us to replace any lost bandwidth on a timely basis, on commercially reasonable terms, or at all, due to the large amount of bandwidth our operations require.

Any errors, defects, breaches, disruptions or other performance problems related to our products or the delivery of our services caused by third parties could reduce our revenues, harm our reputation, result in the loss of customers, partners and vendors and the imposition of penalties or other legal or regulatory actions and otherwise damage our business. Interruptions in the availability of our products and the delivery of our services may reduce our revenues due to increased turnaround time to complete projects, cause us to issue credits or refunds to customers, cause customers to terminate their agreements or adversely affect our renewal rates. Our business, financial condition and results of operations would be materially and adversely affected if there were errors or delays in delivering our products or services, including for reasons beyond our control, and our reputation would be harmed if our customers or potential customers believe our products and services are unreliable.

***Our restructuring activities and cost reduction initiatives may not deliver the expected results and could disrupt our business operations.***

Achieving our long-term revenue and profitability goals depends significantly on our ability to allocate resources in line with our strategic objectives and control our operating costs. As described in [Footnote 15](#i0047531bd13046b986557e31951e34f8_271), *Organizational Restructuring* of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this 10-K, we recently communicated a workforce reduction as part of our broader efforts to improve cost efficiency and better align our operating structure and resources with strategic priorities (collectively, the "Restructuring Plan"). In addition to employee terminations, the Restructuring Plan includes the reallocation of commercial and product development resources; reinvestment in and modernization of key technology platforms; consolidation of data storage and processing activities to reduce our data center footprint; and reduction of other operating expenses, including software and facility costs. We may also determine to exit certain activities in certain geographic regions in order to more effectively align resources with business priorities.

If we are not able to implement the Restructuring Plan as currently contemplated, if the Restructuring Plan does not generate the expected cost savings, or if we incur higher than expected costs to implement the Restructuring Plan, our business and financial results could be adversely affected. Moreover, some of the organizational and operational changes we are making in connection with the Restructuring Plan will require careful management to avoid disrupting customer, partner and employee relationships. If we do not successfully manage our restructuring activities, including the Restructuring Plan, the expected benefits may be delayed or not realized, and our operations and business could be disrupted.

***We rely heavily on our management team and other personnel to operate and grow our business. The loss of one or more key employees, the inability to attract and retain qualified personnel, or the failure to integrate new personnel could harm our business.***

Our success and future growth depend to a significant degree on the skills and continued services of our management team. Our future success also depends on our ability to retain, attract and motivate highly skilled technical, managerial, sales and marketing personnel. The market for these personnel is extremely competitive, particularly for software engineers, data scientists and other technical staff, and like many companies in our industry, we have faced higher rates of attrition in recent years. Our restructuring activities have put additional pressure on our ability to retain, attract and motivate key personnel. If we cannot retain highly skilled workers and key leaders, our ability to develop and deliver our products and increase our revenues may be materially and adversely affected. If we must increase employee compensation and benefits in order to remain competitive for these personnel, our operating costs and financial condition may be adversely affected. Recruiting and training costs may also place significant demands on our resources. We may experience a loss of productivity due to the departure of key personnel and the associated loss of institutional knowledge, or while new personnel integrate into our business and transition into their respective roles. Failure to ensure effective transitions and knowledge transfers may adversely affect our operations and our ability to execute on our strategic plans and growth initiatives.

***The effectiveness of our equity awards as a means to recruit and retain key personnel has diminished, and we may need to grant equity awards outside of our existing plan.***

Historically, we have relied on equity awards as one means of recruiting and retaining key personnel, including our senior management. Due to declines in our stock price in recent years, the effectiveness of our outstanding equity awards as a means to retain key personnel has diminished. Moreover, the quantity of equity awards we are able to grant under our 2018 Equity and Incentive

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Compensation Plan ("2018 Plan") is limited. These limits have impacted our ability to offer new awards to current and prospective employees, which in turn has contributed to employee retention and hiring challenges. In order to address our compensation needs, we plan to seek an amendment to our 2018 Plan to increase the number of shares available for future equity awards. We also may need to consider granting equity awards outside of our 2018 Plan, as we did with a 2021 executive hire. Either of these options would result in additional dilution to our existing stockholders. If the amendment to our 2018 Plan is not approved by our stockholders or if our stock price continues to decline, we may need to shift a larger portion of employee compensation to cash, which could adversely affect our liquidity and financial condition.

***The COVID-19 pandemic and related economic repercussions could continue to have adverse effects on our business, financial position, results of operations and cash flows.***

The COVID-19 pandemic and related government mandates and restrictions have had a significant impact on the media, advertising and entertainment industries in which we operate. To date, the COVID-19 pandemic has had some impact on our business, including with respect to the execution of new and renewal contracts, the impact of closed movie theaters on our customers, customer payment delays and requests to modify contractual payment terms. These conditions have negatively impacted our revenue and cash flows, particularly in our movies business, and could continue to have an impact in future periods. It is possible that long-term changes in consumer behavior will impact our customers' operations, and thus their demand for our services and ability to pay, even after the spread of COVID-19 has been contained and businesses resume normal operations. While we have taken actions to mitigate the impact of the COVID-19 pandemic, these steps may not be successful or adequate if customer demand or cash collection efforts are further impacted by the COVID-19 pandemic or other factors.

***We face risks related to the Russian invasion of Ukraine, including from the resulting geopolitical effects.***

The Russian invasion of Ukraine has resulted in worldwide geopolitical and macroeconomic uncertainty. The U.S. and others have imposed financial and economic sanctions on certain industry sectors and parties in and associated with Russia and Belarus, and additional sanctions could be adopted in the future. Compliance with the sanctions and export controls regime is complex and may lead to increased regulatory scrutiny, particularly with respect to data collection and data transfer in affected regions. The conflict may also heighten risks relating to employee safety, cybersecurity incidents or disruptions to our information systems, operational costs, reputational damage and potential retaliatory action by the Russian government or other actors. As the situation develops and the regulatory environment continues to evolve, we may adjust our business practices as required or appropriate to respond to the changes. While we do not currently expect the conflict to have a direct material impact on our business, it is not possible to predict the broader consequences, which could include additional sanctions, embargoes, regional instability, geopolitical shifts and adverse effects on the global economy or on our business and operations, as well as those of our customers, partners and third-party service providers.

**Risks Related to Our Results of Operations**

***Our revenues and results of operations may fluctuate in the future. As a result, we may fail to meet or exceed the expectations of securities analysts or investors, which could cause our stock price to decline.***

Our results of operations may fluctuate as a result of a variety of factors, many of which are outside of our control. If our revenues or results of operations do not meet or exceed the expectations of securities analysts or investors, the price of our Common Stock could decline substantially. Factors that may cause fluctuations in our revenues or results of operations include:

•our ability to increase sales to existing customers and attract new customers in the current economic environment;

•our ability to respond to changes in our customers' businesses and consumer behavior resulting from the COVID-19 pandemic and other factors;

•changes in our customers' subscription renewal behaviors and spending on projects, particularly custom projects and usage-based products;

•the impact of our contract renewal rates caused by our customers' budgetary constraints, competition, customer dissatisfaction or customer corporate restructuring;

•the timing of contract renewals, delivery of products and duration of contracts and the corresponding timing of revenue recognition;

•the effect of revenues generated from significant one-time projects or the loss of such projects;

•the timing and success of new product introductions or changes in methodology by us or our competitors;

•the impact of our Preferred Stock transactions, including our long-term data license with Charter;

•changes in our pricing and discounting policies or those of our competitors;

•the impact of our decision to discontinue certain products or exit certain geographic regions;

•our failure to accurately estimate or control costs, including those incurred as a result of business or product development initiatives, restructuring activities, legal proceedings, strategic or financing transactions, and the integration of acquired businesses;

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•the cost and availability of data from third-party sources and the cost to integrate such data into our systems and products and implement new use cases;

•adverse judgments or settlements, or increased legal fees, in legal disputes or government proceedings;

•costs incurred in connection with corporate transactions, including financial advisory, legal, accounting, consulting and other advisory fees and expenses;

•service of our existing debt and incurrence of additional debt;

•the amount and timing of capital expenditures and operating costs related to the maintenance, migration and expansion of our operations and infrastructure;

•service outages, other technical difficulties or security breaches;

•limitations relating to the capacity of our networks, systems and processes;

•maintaining appropriate staffing levels and capabilities, particularly during organizational restructuring;

•limitations on our ability to use equity awards to compensate current and prospective employees;

•the cost and timing of organizational restructuring;

•the timing of any changes to our deferred tax valuation allowance;

•changes in the fair value of our financing derivatives or warrants; and

•general economic, political, regulatory, industry and market conditions and those conditions specific to media and advertising internet usage and online businesses.

We believe that our revenues and results of operations on a year-over-year and sequential quarter-over-quarter basis may vary significantly in the future and that period-to-period comparisons of our operating results may not be meaningful. Investors are cautioned not to rely on the results of prior periods as an indication of future performance.

***We may not be able to generate or obtain sufficient cash to service our debt, dividend obligations, lease facilities and trade payables.***

We currently have indebtedness and lease facilities, as well as trade payables, including expenses incurred in prior periods. In addition, we are required to pay annual cash dividends on our Preferred Stock, and we may incur additional debt for operations or to fund a special dividend to the holders of our Preferred Stock. These obligations could require us to use a large portion of our cash flow from operations to service our debt, dividend obligations and lease facilities and pay accrued expenses. They could also limit our flexibility to invest in our business and adjust to market conditions, which could impact our customer relationships and place us at a competitive disadvantage.

We expect to obtain the funds to pay our expenses and meet our financial obligations from cash flow from our operations and, potentially, from other debt or equity offerings. Accordingly, our ability to meet our obligations depends on our future performance and capital-raising activities, which will be affected by financial, business, contractual, economic and other factors, some of which are beyond our control. Failure to meet our payment obligations to vendors could disrupt our supply of goods and services and impact our reputation, creditworthiness and relations with customers and partners. It could also lead to costly litigation. Failure to meet our dividend payment obligations could result in an increase in the annual dividend rate, among other things.

If our cash flow and capital resources prove inadequate to allow us to pay the interest and principal on our debt when due and meet our other financial obligations, we could face substantial liquidity challenges and might be required to dispose of material assets or operations, restructure or refinance our debt (which we may be unable to do on acceptable terms) or forego attractive business opportunities. In addition, the terms of our existing or future financing agreements and Preferred Stock may restrict us from pursuing these alternatives. Failure to meet our financial obligations could have important consequences including, potentially, forcing us into bankruptcy or liquidation.

***Our financial condition and results of operations could suffer and be adversely affected if we incur another impairment of goodwill or other intangible assets.***

We are required to test goodwill and intangible assets, annually and on an interim basis if an event occurs or there is a change in circumstance that would more likely than not reduce the fair value of our reporting unit below its carrying value or indicate that the carrying value of such intangibles is not recoverable. When the carrying value of a reporting unit exceeds its fair value, a charge to operations, up to the total amount of goodwill, is recorded. If the carrying amount of an intangible asset is not recoverable, a charge to operations is recognized. Either event would result in incremental expense for that period, which would reduce any earnings or increase any loss for the period in which the impairment was determined to have occurred. We recorded a $224.3 million impairment charge related to goodwill and a $17.3 million impairment charge for our strategic alliance intangible asset in 2019. We recorded a $4.7 million impairment charge related to our right-of-use ("ROU") assets, and related leasehold improvements, during 2020. We recorded a $46.3 million impairment charge related to goodwill in the third quarter of 2022.

Our impairment analysis is sensitive to changes in key assumptions used in our analysis, such as expected future cash flows, the degree of volatility in equity and debt markets and our stock price. Additionally, changes in our strategy or significant technical

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developments could significantly impact the recoverability of our intangible assets. If the assumptions used in our analysis are not realized, it is possible that an additional impairment charge may need to be recorded in the future.

***Changes in the fair value of our derivative financial instruments or warrants could adversely affect our financial condition and results of operations.***

Our financing derivatives and warrants are classified as liabilities in our consolidated financial statements. We use various models and assumptions to determine the fair value of these liabilities, including assumptions with respect to market rates, the price and volatility of our Common Stock, the probability of occurrence of certain events, and term. Any change in our assumptions could result in a change in the fair value of our derivative liabilities or warrants, which would be recorded to earnings and could significantly affect our financial condition and results of operations. Any adjustment to the terms of our warrants (whether due to the application of antidilution provisions, payment of a special dividend or otherwise) also could result in a change in the fair value of the warrants and affect our financial condition and results of operations.

***We may encounter difficulties managing our costs, which could adversely affect our results of operations.***

We believe that we will need to continue to effectively manage our organization, operations and facilities in order to accommodate changes in our business and to successfully integrate acquired data and businesses. If we continue to change or grow, either organically or through acquired businesses, our current systems and facilities may not be adequate and may need to be expanded or reduced. For example, we may be required to enter into leases for additional facilities or commit to significant investments in the build out of current or new facilities, or we may need to renegotiate or terminate leases to reflect changes in our business and workforce. If we are unable to effectively forecast our facilities needs or if we are unable to sublease or terminate leases for unused space, we may experience increased and unexpected costs. Moreover, our need to effectively manage our operations and cost structure requires that we continue to assess and improve our operational, financial and management controls, reporting systems and procedures.

From time to time, as a result of acquisition integration initiatives, or through efforts to improve or streamline our operations (including the Restructuring Plan), we have reduced our workforce or reassigned personnel, and we may do so in the future. Such actions may expose us to disruption by dissatisfied employees or employee-related claims, including claims by terminated employees who believe they are owed more compensation than we believe these employees are due under our compensation and benefit plans, or claims maintained internationally in jurisdictions whose laws and procedures differ from those in the U.S.

If we are not able to efficiently and effectively manage our cost structure and resolve employee-related claims, or if we are unable to manage our space to support our needs, our business may be impaired.

***We have a history of significant net losses, may incur significant net losses in the future and may not achieve profitability.***

We incurred net losses of $66.6 million, $50.0 million and $47.9 million for the years ended December 31, 2022, 2021 and 2020, respectively. We cannot make assurances that we will be able to achieve profitability in the future. As of December 31, 2022, we had an accumulated deficit of $1.3 billion. Because a large portion of our costs are fixed, we may not be able to adequately reduce our expenses in response to any decrease in our revenues, which would materially and adversely affect our operating results. In addition, our operating expenses may increase as we implement certain growth initiatives and restructuring activities, which include, among other things, the development of new products, enhancement of our data assets and infrastructure, and payment of severance and other costs in connection with organizational restructuring. If our revenues do not increase to offset these increases in costs and operating expenses, our operating results would be materially and adversely affected.

***Our net operating loss carryforwards may expire unutilized or underutilized, which could prevent us from offsetting future taxable income.***

Under the provisions of Internal Revenue Code Section 382, certain substantial changes in the Company's ownership may result in a limitation on the amount of U.S. net operating loss carryforwards that can be utilized annually to offset future taxable income and taxes payable. A significant portion of our net operating loss carryforwards are subject to an annual limitation under Section 382 of the Internal Revenue Code. We anticipate that our 2021 Preferred Stock transactions may have triggered further limitations, but we have not yet reached a final conclusion as to whether an ownership change occurred and to what extent our carryforwards are further limited.

As of December 31, 2022, we estimate our U.S. federal and state net operating loss carryforwards for tax purposes were $584.8 million and $1.4 billion, respectively, subject to limitation as described above. These net operating loss carryforwards will begin to expire in 2031 for federal income tax reporting purposes and in 2023 for state income tax reporting purposes. The federal and certain state net operating losses generated after December 31, 2017 have an indefinite carryforward period as a result of the enactment of the Tax Cuts and Jobs Act ("TCJA"). As of December 31, 2022, we estimate our aggregate net operating loss carryforwards for tax purposes related to our foreign subsidiaries were $9.8 million, which will begin to expire in 2024.

We apply a valuation allowance to our deferred tax assets when management does not believe that it is more-likely-than-not that they will be realized. In assessing the need for a valuation allowance, we consider all sources of taxable income, including potential opportunities for loss carrybacks, the reversal of existing temporary differences associated with our deferred tax assets and liabilities, tax planning strategies and future taxable income. We also consider other evidence such as historical pre-tax book income in making

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the determination. As of December 31, 2022, we continue to have a valuation allowance recorded against the net deferred tax assets of our U.S. entities and certain foreign subsidiaries, including net operating loss carryforwards.

**Risks Related to Legal and Regulatory Compliance, Litigation and Tax Matters**

***Concern over privacy violations and data breaches could lead to public relations problems, regulatory scrutiny and lawsuits, which could harm our business.***

We are subject to data privacy and protection laws and regulations that apply to the collection, transmission, storage and use of personal information. The regulatory environment surrounding information security and data privacy varies from jurisdiction to jurisdiction and is constantly evolving and increasingly demanding. The restrictions imposed by such laws continue to develop and may require us to incur substantial costs and fines or adopt additional compliance measures, such as notification requirements and corrective actions.

Any perception of our practices, products or services as a violation of individual privacy rights may subject us to public criticism, loss of customers, partners or vendors, litigation (including class action lawsuits), reputational harm, or investigations or claims by regulators, industry groups or other third parties, all of which could significantly disrupt our business and expose us to increased liability. Additionally, laws regulating privacy and third-party products purporting to address privacy concerns could negatively affect the functionality of, and demand for, our products and services, thereby resulting in loss of customers, partners and vendors and harm to our business.

We also rely on security questionnaires and contractual representations made to us by customers, partners, vendors and other third-party data providers that their own use of our services and the information they provide to us do not violate any applicable privacy laws, rules and regulations or their own privacy or security policies. As a component of our client contracts, we generally obligate customers to provide their consumers the opportunity to obtain the appropriate level of consent (including opt outs) for the information collection associated with our services, as applicable, or provide another appropriate legal basis for collection. If these questionnaires or representations are false, inaccurate or incomplete, or if our customers, partners, vendors and other third-party data providers do not otherwise comply with applicable privacy laws or security practices, we could face adverse publicity and possible legal or regulatory action.

Outside parties, including foreign actors, may attempt to fraudulently induce our employees or users of our solutions to disclose sensitive information via illegal electronic spamming, phishing, threats or other tactics. Unauthorized parties may also attempt to gain physical access to our information systems. This risk may be heightened in U.S. election years, particularly from foreign governments and other foreign actors. Any breach of our security measures or the accidental loss, inadvertent disclosure or unauthorized dissemination of proprietary information or sensitive, personal or confidential data about us, our employees or our customers, partners or vendors, including the potential loss or disclosure of such information or data as a result of hacking, fraud, trickery or other forms of deception, could expose us, our employees, our customers or the individuals affected to risks of loss or misuse of this information. Any actual or potential breach of our security measures may result in litigation and potential liability or fines, governmental inquiry or oversight or a loss of customer confidence, any of which could harm our business and damage our brand and reputation, possibly impeding our present and future success in retaining and attracting new customers and thereby requiring time and resources to repair our brand.

***Domestic or foreign laws, regulations or enforcement actions may limit our ability to collect and incorporate media usage information in our products, which may decrease their value and cause an adverse impact on our business and financial results.***

Our business could be adversely impacted by existing or future laws, regulations or actions by domestic or foreign regulatory agencies, or by our customers' or partners' efforts to comply with these laws. For example, privacy, data protection and personal information, intellectual property, advertising, data security, data retention and deletion, protection of minors, consumer protection, economic or other trade prohibitions or sanctions concerns have and could continue to lead to legislative, judicial and regulatory limitations on our and our partners' ability to collect, maintain and use information about consumers' behavior and media consumption in the U.S. and abroad, impacting the amount and quality of data in our products and increasing our costs.

State and federal laws within the U.S. and foreign laws and regulations are varied, overlapping and at times conflicting, resulting in higher risk related to compliance. A number of laws have recently come into effect, and there are proposals pending before federal, state and foreign legislative and regulatory bodies that have affected and are likely to continue to affect our business. For example, the European Union's ("EU") General Data Protection Regulation, or GDPR, became effective in 2018, imposing more stringent EU data protection requirements and providing for greater penalties for noncompliance. In addition, regulators in the EU, the U.S. and elsewhere are increasingly focused on transparency, consent, consumer choice and the collection of data using tracking technologies. In the EU, cross-border data transfers are increasingly scrutinized to ensure compliance, and there have been expanded enforcement efforts in this area. Five U.S. states now have comprehensive privacy laws governing the collection and use of personal information. The California Consumer Privacy Act, which went into effect in 2020, was substantially expanded by the California Privacy Rights Act of 2020, which went into effect in January 2023. The Virginia Consumer Data Protection Act, the Colorado Privacy Act, the Connecticut Data Privacy Act and the Utah Consumer Privacy Act all came into effect or will come into effect in 2023. These U.S.

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federal and state and foreign laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and impose new and complex requirements on our business.

We have implemented policies and procedures to comply with the GDPR, state privacy laws, the Children's Online Privacy Protection Act and other laws and regulations, and we continue to evaluate and implement processes and enhancements and monitor changes in laws and regulations. However, the application, interpretation, and enforcement of these laws and regulations are often uncertain, particularly in the rapidly evolving industries in which we operate, and may be interpreted and applied inconsistently from country to country, state to state, and customer to customer, and inconsistently with our current policies and practices. Additionally, the costs of compliance with, and the other burdens imposed by, these and other laws, regulatory actions and customer or partner policies may prevent us from selling our products, may require us to alter our products in ways that make them less competitive or compelling to customers, may divert development resources from other priorities, may continue to increase the costs associated with selling our products, and may affect our ability to invest in or jointly develop products in the U.S. and in foreign jurisdictions. In addition, failure to comply with these and other laws and regulations may result in, among other things, administrative enforcement actions and substantial fines, individual and class action lawsuits, contractual breaches, significant legal fees, and civil and criminal liability. Any regulatory or civil action that is brought against us, even if unsuccessful, may distract our management's attention, divert our resources, negatively affect our public image or reputation among our panelists, customers, partners and vendors, and harm our business.

***An assertion from a third party that we are infringing its intellectual property rights, whether such assertion is valid or not, could subject us to costly and time-consuming litigation or expensive licenses.***

The media measurement, software and technology industries are characterized by the existence of a large number of patents, copyrights, trademarks and trade secrets and by frequent litigation based on allegations of infringement or other violations of intellectual property rights, domestically or internationally. As we grow, evolve our products and methodologies, and face increasing competition, the probability that one or more third parties will make intellectual property rights claims against us increases. In such cases, our products, technologies or methodologies may be found to infringe on the intellectual property rights of others. Additionally, many of our agreements may require us to indemnify our customers for third-party intellectual property infringement claims, which would increase our costs if we have to defend such claims and may require that we pay damages and provide alternative services if there were an adverse ruling in any such claims. Intellectual property claims could harm our relationships with our customers, deter future customers from buying our products or expose us to litigation, which could be expensive and divert considerable attention of our management team from the normal operation of our business. Even if we are not a party to any litigation between a customer and a third party, an adverse outcome in any such litigation could make it more difficult for us to defend against intellectual property claims by the third party in any subsequent litigation in which we are a named party. Any of these results could adversely affect our brand, business and results of operations.

With respect to any intellectual property rights claim against us or our customers, we may have to pay damages or stop using technology or methodologies found to be in violation of a third party's rights. We may have to seek a license for the technology, which may not be available on reasonable terms or at all, may significantly increase our operating expenses or may significantly restrict our business activities in one or more respects. We may also be required to develop alternative non-infringing technology or methodologies, which could require significant effort and expense. Any of these outcomes could adversely affect our business and results of operations. Even if we prove successful in defending ourselves against such claims, we may incur substantial expenses and the defense of such claims may divert considerable attention of our management team from the normal operation of our business.

***The success of our business depends in large part on our ability to protect and enforce our intellectual property rights.***

We rely on a combination of patent, copyright, service mark, trademark and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary rights, all of which provide only limited protection. We endeavor to enter into agreements with our employees and contractors and with parties with whom we do business in order to limit access to and disclosure of our proprietary information. We cannot be certain that the steps we have taken will prevent unauthorized use of our technology or the reverse engineering of our technology. Moreover, we may not have adequate resources to devote to obtaining new intellectual property protection for our technology and products, defending our existing rights, or maintaining the security of our know-how and data. We cannot make assurances that any additional patents will be issued with respect to any of our pending or future patent applications, nor can we assure that any patent issued to us will provide adequate protection, or that any patents issued to us will not be challenged, invalidated, circumvented, or held to be unenforceable in actions against alleged infringers. Also, we cannot make assurances that any future trademark or service mark registrations will be issued with respect to pending or future applications or that any of our registered trademarks and service marks will be enforceable or provide adequate protection of our proprietary rights. If we are unable to protect our intellectual property rights, or if we must engage in costly and time-consuming litigation to enforce our rights, our results of operations and financial condition could be adversely affected.

***Our use of open source software could limit our ability to sell our products, subject our code to public disclosure or require us to reengineer our products.***

We use open source software in certain of our products, and it is also contained in some third-party software that we license. There are many types of open source licenses, some of which have not been interpreted or adjudicated by U.S. or other courts. Our use of open

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source licenses could limit our ability to sell our products or subject our proprietary code to public disclosure if not properly managed. Remediation of such issues may involve licensing software on costly or unfavorable terms or reengineering our products, either of which could have an adverse effect on our results of operations and financial condition.

***We are subject to taxation in multiple jurisdictions. Any adverse development in the tax laws of any of these jurisdictions or any disagreement with our tax positions could have a material and adverse effect on our business, financial condition or results of operations.***

We are subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions as a result of the international scope of our operations and our corporate entity structure. We are also subject to transfer pricing laws with respect to our intercompany transactions, including those relating to the flow of funds among our companies. Adverse developments in these laws or regulations, or any change in position regarding the application, administration or interpretation thereof, in any applicable jurisdiction, could have a material and adverse effect on our business, financial condition or results of operations. In addition, the tax authorities in any applicable jurisdiction, including the U.S., may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions. If any applicable tax authorities, including U.S. tax authorities, were to successfully challenge the tax treatment or characterization of any of our transactions, it could have a material and adverse effect on our business, financial condition or results of operations.

In August 2022, the Inflation Reduction Act ("IRA") was enacted in the U.S. Although we do not currently expect the IRA to have a material impact on our business, we are continuing to analyze its provisions. Moreover, the current U.S. presidential administration has made various other proposals that, if enacted, would cause significant changes to existing tax law, in particular, an increase in U.S. federal income taxes on corporations and the tax rate on foreign earnings.

In addition to changes in U.S. law, longstanding international tax norms that determine each country's jurisdiction to tax cross-border international trade are subject to potential evolution. In October 2021, the Organization for Economic Cooperation and Development ("OECD") announced the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (the "Framework"), which included a two-pillar solution to address tax challenges arising from digitalization of the economy. In December 2021, the OECD released Pillar Two Model Rules, defining global minimum tax rules that contemplate a minimum tax rate of 15% for multinational enterprises with annual global turnover exceeding €750 million. Although our current results are below the threshold for application of the global minimum tax, future growth in our business or changes in the Framework or related laws and regulations could result in the application of a minimum tax to our business, which could adversely affect our financial condition and results.

There can be no assurance that future changes to federal and state tax laws in the U.S. and foreign tax laws will not be proposed or enacted that could materially impact our business or financial results. If and when any of these changes are put into effect, they could result in tax increases where we do business both in and outside of the U.S. and could have a material and adverse effect on our results of operations.

***Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value added or similar taxes, and we could be subject to liability with respect to past or future sales.***

In certain cases, we have concluded that we do not need to collect sales and use, value added and similar taxes in jurisdictions in which we have sales or operations. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future. Such tax assessments, penalties and interest or future requirements may adversely affect our financial condition and results of operations.

**Risks Related to International Operations**

***Our business could become increasingly susceptible to risks associated with international operations.***

Conducting international operations subjects us to risks that we generally do not face in the U.S. These risks include:

•recruitment and maintenance of a sufficiently large and representative panel both globally and in certain countries;

•difficulties and expenses associated with tailoring our products to local and international markets as may be required by local customers and joint industry committees or similar industry organizations;

•difficulties in expanding the adoption of our server- or census-based web beacon data collection in certain countries or obtaining access to other necessary data sources;

•the complexities and expense of complying with a wide variety of foreign laws and regulations, including the GDPR, other privacy and data protection laws and regulations, and foreign anti-corruption laws, as well as the U.S. Foreign Corrupt Practices Act;

•difficulties in staffing and managing international operations, including complex and costly hiring, disciplinary, and termination requirements as well as third-party contracting arrangements;

•the complexities of foreign value-added taxes and the repatriation of earnings, particularly following the enactment of the TCJA;

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•reduced or varied protection for intellectual property rights in some countries;

•political, social and economic instability abroad, terrorist attacks and security concerns;

•fluctuations in currency exchange rates; and

•increased accounting and reporting burdens and complexities.

Additionally, operating in international markets requires significant additional management attention and financial resources. We cannot be certain that the investments and additional resources required to establish and maintain operations in other countries will hold their value or produce desired levels of revenues or profitability. We cannot be certain that we will be able to comply with laws, rules, regulations or local guidelines to maintain or increase the size of the user panels that we currently have in various countries, that we will be able to recruit a representative sample for our audience measurement products or that we will be able to enter into arrangements with a sufficient number of website and mobile app content providers and/or television operators to allow us to collect information for inclusion in our products. In addition, governmental authorities in various countries have different views regarding regulatory oversight of the internet, data protection and consumer privacy. The impact of these risks could negatively affect our international business and, consequently, our financial condition and results of operations.

***Export controls and economic and trade sanctions laws could impair our ability to compete in international markets and subject us to liability if we are not in full compliance with applicable laws.***

Our business activities include the collection of data from panelists around the world, and such activities may be subject to various restrictions under U.S. export controls and economic and trade sanctions laws. If we fail to comply with these laws and regulations, we could be subject to civil or criminal penalties and reputational harm.

Although we take precautions to prevent the collection of data from panelists in embargoed countries that may be subject to export controls and economic and trade sanctions under these laws and regulations, we have collected such data in the past, and there is a risk that we could collect such data in the future despite our precautions. We have implemented a number of additional screening and other measures designed to prevent such transactions with embargoed countries and other U.S. sanctions targets. Changes in the list of embargoed countries and regions or prohibited persons may require us to modify these procedures in order to comply with governmental regulations. Our failure to screen potential panelists properly could result in negative consequences to us, including government investigations, penalties and reputational harm, any of which could materially and adversely affect our business, financial condition or results of operations.

***Changes in foreign currencies could have a significant effect on our operating results.***

We operate in numerous countries in Latin America, Europe and Asia. A portion of our revenues and expenses from business operations in foreign countries are derived from transactions denominated in currencies other than the functional currency of our operations in those countries. As such, we have exposure to changes in exchange rates associated with revenues and operating expenses of our foreign operations, and these changes have impacted our results in prior periods. We do not currently enter into any hedging instruments that hedge foreign currency exchange rate risk. If we grow our international operations, if we acquire companies with established business in international regions, or if exchange rates become more variable, our exposure to foreign currency risk could become more significant.

**Risks Related to Our Capital Structure and Financings**

***The holders of our Preferred Stock have significance influence over the Company, may prevent other stockholders from influencing significant corporate decisions, and may have interests that conflict with those of our other stockholders.***

On January 7, 2021, we entered into separate Series B Convertible Preferred Stock Purchase Agreements (collectively, the "Securities Purchase Agreements") with each of Charter Communications Holding Company, LLC ("Charter"), Qurate Retail, Inc. ("Qurate") and Pine Investor, LLC ("Pine") (collectively, the "Investors"). The issuance of securities pursuant to the Securities Purchase Agreements (the "Transactions") and related matters were approved by our stockholders on March 9, 2021 and completed on March 10, 2021. In connection with the Transactions, we also entered into a long-term data license with Charter, which was intended to enhance our ability to execute on our strategic plans and growth initiatives.

At the closing of the Transactions, the Preferred Stock was initially convertible into an aggregate of 82,527,609 shares of our Common Stock (subject to adjustment). On an as-converted basis, this collectively represented approximately 50.6% of our issued and outstanding Common Stock immediately following the closing (equating to approximately 16.9% per Investor), and the Investors became the largest stockholders of the Company. The Investors remained the largest stockholders of the Company as of December 31, 2022, with each Investor's Preferred Stock representing approximately 16.1% of our issued and outstanding Common Stock on an as-converted basis and certain Investors holding (or reporting beneficial ownership of) additional shares of Common Stock beyond their Preferred Stock holdings. This concentration of ownership, together with the voting rights, director designation rights, consent rights and dividend rights described below, has been criticized by certain stockholders, may be perceived negatively by other investors and, as a result, may adversely affect the market price of our Common Stock.

As of December 31, 2022, each Investor's Preferred Stock represented approximately 15.6% of the outstanding voting power of the Company on an as-converted basis. In addition, under the Stockholders Agreement that we entered into in connection with the

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Transactions, each Investor has the right to designate two directors to serve on our board of directors until the earlier of such time as the Investor (a) beneficially owns less than 50% of the shares of Preferred Stock held by such Investor as of the date of the closing (the "Initial Preferred Stock Ownership") as a result of the Investor's transfer of such shares to any of the other Investors or (b) beneficially owns voting stock representing less than 10% of the outstanding shares of Common Stock (on an as-converted basis), after which the Investor's designation rights will be reduced to one designee until such time as the Investor beneficially owns Voting Stock representing less than 5% of the outstanding shares of Common Stock (on an as-converted basis). Additionally, under certain circumstances, an Investor may gain additional board designation rights and in some instances, we may even be obligated to increase the size of our board to enable an Investor to designate one additional director nominee. As of the date of this 10-K, each Investor has designated two directors on our board of directors.

Pursuant to the Stockholders Agreement, each Investor has consent rights over certain significant matters of our business. These include, but are not limited to, decisions: (a) to amend our organizational documents; (b) to create, increase, reclassify, issue or sell any additional Preferred Stock; (c) to consummate a change of control transaction; (d) to create or issue indebtedness that would cause us to exceed a specified leverage ratio; (e) to increase or decrease the number of directors on our board of directors or certain committees thereof; (f) to change the nature of our business in any material respect; (g) to make certain changes to our management; (h) to declare cash dividends or distributions; (i) to enter into certain related-party transactions; and (j) to adopt certain shareholder rights plans. As a result, each Investor is able to influence fundamental corporate matters and transactions.

As holders of our Preferred Stock, the Investors are entitled to a cumulative dividend at the rate of 7.5% per annum, payable annually in arrears and subject to increase under certain circumstances. In addition, each Investor is entitled to request, and we are obligated to take all actions reasonably necessary to pay, a one-time special dividend equal to the highest amount that our board of directors determines can be paid at the applicable time, subject to additional conditions and limitations set forth in the Stockholders Agreement. As described in the Stockholders Agreement, we may be obligated to obtain debt financing in order to effectuate the special dividend.

The interests of the Investors may not always coincide with our interests or the interests of our other stockholders, and the rights described above may delay, deter or prevent acts that would be favored by our other stockholders. Also, the Investors may seek to cause us to take courses of action that, in their judgment, could enhance their investment in us, but which might involve risks to our other stockholders or adversely affect us or our other stockholders.

***We may not be able to realize the anticipated benefits of the Transactions.***

The anticipated benefits of the Transactions, including expected commercial benefits from the data license with Charter and other relationships and expertise from the Investors, may not be realized fully or may take longer to realize than we expect. Actual operating, strategic and revenue opportunities may be less significant than we expect or may take longer to achieve than we anticipate. If we are not able to achieve these objectives and realize the anticipated benefits from the Transactions, our business, financial condition and operating results may be adversely affected.

***The market value of our Common Stock could decline if the Investors sell their Preferred Stock or Common Stock after certain transfer restrictions expire.***

Pursuant to the Stockholders Agreement, until the second anniversary of the Transactions closing (March 10, 2023), and subject to certain exceptions, each Investor has agreed not to sell more than 50% of such Investor's Initial Preferred Stock Ownership, including any shares of Common Stock issued or issuable upon conversion of such Preferred Stock. Pursuant to the Registration Rights Agreement that we entered into in connection with the Transactions, we registered the resale of the shares of Preferred Stock and the shares of Common Stock underlying the Preferred Stock with the SEC, which means that such shares may be eligible for resale in the public markets following the expiration of applicable transfer restrictions. Any sale of such shares, or the anticipation of the possibility of such sales, could create downward pressure on the market price of our Common Stock.

***Our credit facility may impact our ability to operate our business and secure additional financing in the future, and any failure to meet our debt obligations could adversely affect our business and financial condition.***

We have a senior secured revolving credit agreement (the "Revolving Credit Agreement") with a borrowing capacity of $40.0 million. As of the date of this 10-K, we had borrowings and letters of credit outstanding under the Revolving Credit Agreement totaling $19.4 million. Amounts outstanding under the Revolving Credit Agreement currently bear interest at a rate per annum equal to the Daily SOFR (as defined in the Revolving Credit Agreement) plus 3.50%. In addition, the Revolving Credit Agreement provides for an unused commitment fee equal to 0.25% of the unused commitments. The Revolving Credit Agreement matures on May 5, 2024.

Servicing our indebtedness under the Revolving Credit Agreement could divert resources from other priorities, including investment in our products and operations and satisfaction of our outstanding trade payables. If our cash flow from operations is inadequate to allow us to pay the interest and principal on our debt when due and meet our other financial obligations, we could face substantial liquidity challenges.

Under the Revolving Credit Agreement, we are subject to restrictive covenants limiting our ability to, among other things, incur additional indebtedness, permit additional liens, make investments and loans, enter into mergers and acquisitions, make or declare dividends and other payments, enter into certain contracts, sell assets, and engage in transactions with affiliates. These covenants could limit our operating flexibility and cause us to forego attractive business opportunities, which could hurt our customer relationships and

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put us at a competitive disadvantage. The covenants also could prevent us from securing additional financing in the future, including to fund our operations, satisfy liabilities, or pay dividends to the holders of our Preferred Stock.

In addition, we are subject to financial covenants under the Revolving Credit Agreement, including a requirement to maintain a minimum Consolidated Asset Coverage Ratio and minimum Liquidity through maturity, minimum Consolidated EBITDA for periods through December 31, 2023, and a minimum Consolidated Fixed Charge Coverage Ratio for periods after December 31, 2023 (each term as defined in the Revolving Credit Agreement). While we are currently in compliance with these covenants, there is no guarantee that we will be able to achieve our plans and remain in compliance in future periods. Moreover, our ability to comply with the covenants could be affected by economic, financial, competitive, regulatory and other factors beyond our control.

If we fail to meet our financial covenants or other obligations under the Revolving Credit Agreement, the lender(s) may accelerate any amounts outstanding under the Revolving Credit Agreement and may terminate their commitments to extend further credit. This could have important consequences for our company, including requiring us to restructure or refinance our debt (which we may be unable to do on acceptable terms or at all), dispose of assets or, potentially, enter into liquidation or bankruptcy.

***We may require additional capital to support our business, and this capital may not be available on acceptable terms or at all.***

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new products or enhance our existing products, enhance our operating infrastructure, retain and hire key personnel, and acquire complementary businesses and technologies. In addition, as described above, the holders of our Preferred Stock have certain dividend rights, including the right to request a special dividend. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new securities we issue could have rights, preferences and privileges superior to those of holders of our Common Stock. Any financing secured by us in the future could include restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. Servicing future debt obligations could also limit our flexibility to invest in the business and adjust to market conditions, which could impact our customer relationships and place us at a competitive disadvantage.

As a result of our settlement with the SEC relating to financial accounting and disclosure practices between February 2014 and February 2016, we are currently subject to a "bad actor" disqualification and are unable to rely on certain exemptions from registration under the federal securities laws, including Regulation D. This could make it more difficult for us to raise necessary financing in the future.

Capital and credit market conditions, adverse events affecting our business or industry, the tightening of lending standards, rising interest rates, negative actions by regulatory authorities or rating agencies, or other factors also could negatively impact our ability to obtain future financing on terms acceptable to us or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to support our business growth, meet our dividend payment obligations, and respond to business challenges could be significantly limited. In addition, the terms of any additional equity or debt issuances may adversely affect the value and price of our Common Stock, our results of operations, financial condition and cash flows.

**General Risks Related to Ownership of Our Common Stock**

***The Company's outstanding securities, the stock or securities that we may become obligated to issue under existing or future agreements, and certain provisions of those securities, may cause immediate and substantial dilution to our existing stockholders.***

Our existing stockholders have and may continue to experience substantial dilution as a result of our obligations to issue shares of Common Stock. As of December 31, 2022, our Preferred Stock was convertible into an aggregate of 85,708,361 shares of Common Stock at the election of the holders. Furthermore, we have reserved 5,457,026 shares of Common Stock for issuance pursuant to our Series A Warrants. We have also issued 8,066,876 shares of Common Stock for distribution to the selling stockholders of Shareablee (which we acquired in December 2021), and we may elect to pay any deferred consideration due to the Shareablee sellers in 2023 and 2024 in shares of Common Stock.

As of December 31, 2022, 2,283,987 shares of Common Stock were reserved for issuance pursuant to outstanding stock options under our equity incentive plans (including stock option awards we assumed in the Shareablee acquisition), 4,644,619 shares of Common Stock were reserved for issuance pursuant to outstanding restricted stock unit awards under our equity incentive plans and arrangements (including assumed Shareablee awards and an employment inducement award we granted in 2021), 5,693,104 shares of Common Stock were available for future equity awards under our 2018 Equity and Incentive Compensation Plan, and 176,435 shares of Common Stock were available for future equity awards under our acquired Shareablee plan.

The issuance of shares of Common Stock (i) upon the conversion of our Preferred Stock, (ii) upon the exercise of warrants, (iii) as deferred consideration to the Shareablee sellers, (iv) pursuant to outstanding and future equity awards, or (v) upon the conversion of other existing or future convertible securities, may result in substantial dilution to each of our stockholders by reducing that stockholder's percentage ownership of our outstanding Common Stock.

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***Provisions in our certificate of incorporation, bylaws and under Delaware law might discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the trading price of our Common Stock.***

Our certificate of incorporation and bylaws contain provisions that could depress the trading price of our Common Stock by acting to discourage, delay or prevent a change of control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions:

•provide for a classified board of directors so that not all members of our board are elected at one time;

•authorize "blank check" preferred stock that our board could issue to increase the number of outstanding shares to discourage a takeover attempt;

•prohibit stockholder action by written consent, which means that all stockholder actions must be taken at a meeting of our stockholders;

•prohibit stockholders from calling a special meeting of our stockholders;

•provide that our board is expressly authorized to make, alter or repeal our bylaws; and

•provide for advance notice requirements for nominations for elections to our board or for proposing matters that can be acted upon by stockholders at stockholder meetings.

In addition, we are subject to Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder and which may discourage, delay or prevent a change of control of our company.

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| **ITEM 1B.** | | | ***UNRESOLVED STAFF COMMENTS*** | | |

None.

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| **ITEM 2.** | | | ***PROPERTIES*** | | |

Our corporate headquarters are located in Reston, Virginia, where we occupy approximately 84,000 square feet of office space. We also lease space in various locations throughout North America, South America, Europe, and Asia Pacific for sales and other personnel. If we require additional space, we believe that we would be able to obtain such space on commercially reasonable terms.

Our other material locations, all of which are leased under operating leases, include the following:

•New York, New York

•Portland, Oregon

As of December 31, 2022, we leased facilities in 26 locations worldwide, including approximately 48,000 square feet of subleased space in six properties. Currently, however, most of our employees are operating under remote or hybrid working arrangements.

For additional information regarding our obligations under operating and finance leases, refer to [Footnote 9](#i0047531bd13046b986557e31951e34f8_136), *Leases* of the Notes to Consolidated Financial Statements.

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| **ITEM 3.** | | | ***LEGAL PROCEEDINGS*** | | |

For a discussion of material legal proceedings, please refer to [Footnote 12](#i0047531bd13046b986557e31951e34f8_148), *Commitments and Contingencies* of the Notes to Consolidated Financial Statements included in Part II, [Item 8](#i0047531bd13046b986557e31951e34f8_73) of this 10-K, which is incorporated herein by reference.

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| **ITEM 4.** | | | ***MINE SAFETY DISCLOSURES*** | | |

Not applicable.

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**PART II**

|  |  |  |  |  |  |
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| **ITEM 5.** | | | ***MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*** | | |

**MARKET INFORMATION**

Our Common Stock trades on The Nasdaq Global Select Market under the symbol "SCOR".

**HOLDERS**

As of February 24, 2023, there were 132 stockholders of record of our Common Stock, although we believe that there are a significantly larger number of beneficial owners of our Common Stock. We derived the number of stockholders by reviewing the listing of outstanding Common Stock recorded by our transfer agent as of February 24, 2023.

**STOCK PERFORMANCE GRAPH**

The following graph compares the cumulative total stockholder return on our Common Stock between December 31, 2017 and December 31, 2022 to the cumulative total returns of the Nasdaq Composite Index, the S&P MidCap 400 Index and the Nasdaq Computer Index over the same period. This graph assumes the investment of $100 at the closing price of the markets on December 31, 2017 in our Common Stock, the Nasdaq Composite Index, the S&P MidCap 400 Index and the Nasdaq Computer Index, and assumes the reinvestment of dividends, if any. The comparisons shown in the following graph are based upon historical data. We caution that the stock price performance shown in the graph below is not necessarily indicative of, nor is it intended to forecast, the potential future performance of our Common Stock.

**COMPARISON OF CUMULATIVE TOTAL RETURN\***

**among comScore, Inc.,**

**The Nasdaq Composite Index, The Nasdaq Computer Index and The S&P MidCap 400 Index**

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| \* | | | $100 invested upon market close of The Nasdaq Global Select Market on December 31, 2017, including reinvestment of dividends. | | |

The preceding Stock Performance Graph is not deemed filed with the SEC and shall not be incorporated by reference in any of our filings under the Securities Act of 1933, as amended, or the Exchange Act, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such securities filing, except to the extent that we specifically incorporate it by reference.

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**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The information relating to our equity compensation plans required by Item 5 is incorporated by reference to such information as set forth in Part III, [Item 12](#i0047531bd13046b986557e31951e34f8_196), "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

**UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

Information required by Item 701 of Regulation S-K was previously included in our Quarterly Report on Form 10-Q filed on August 9, 2022.

**PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

None.

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| **ITEM 6.** | | | ***[RESERVED]*** | | |

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**ITEM 7.*MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and the related Notes to Consolidated Financial Statements included in Part II,* [*Item 8*](#i0047531bd13046b986557e31951e34f8_73) *of this Annual Report on Form 10-K, or 10-K. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and timing of selected events in future periods may differ materially from those anticipated or implied in these forward-looking statements as a result of many factors, including those discussed under* [*Item 1A*](#i0047531bd13046b986557e31951e34f8_22)*, "Risk Factors," and elsewhere in this 10-K. See also "*[*Cautionary Note Regarding Forward-Looking Statements*](#i0047531bd13046b986557e31951e34f8_10)*" at the beginning of this 10-K.*

**Overview**

We are a global information and analytics company that measures advertising, content, and the consumer audiences of each, across media platforms. We create our products using a global data platform that combines information on digital platforms (connected (Smart) televisions, mobile devices, tablets and computers), TV, direct to consumer applications and movie screens with demographics and other descriptive information. We have developed proprietary data science that enables measurement of person-level and household-level audiences, removing duplicated viewing across devices and over time. This combination of data and methods enables a common standard for buyers and sellers to transact on advertising. This helps companies across the media ecosystem better understand and monetize their audiences and develop marketing plans and products to more efficiently and effectively reach those audiences. Our ability to unify behavioral and other descriptive data enables us to provide audience ratings, advertising verification, and granular consumer segments that describe hundreds of millions of consumers. Our customers include digital publishers, television networks, movie studios, content owners, brand advertisers, agencies and technology providers.

The platforms we measure include televisions, mobile devices, computers, tablets, CTV devices and movie theaters. The information we analyze crosses geographies, types of content and activities, including websites, mobile and OTT apps, video games, television and movie programming, e-commerce, and advertising.

**Results of Operations**

The following table sets forth selected Consolidated Statements of Operations and Comprehensive Loss data as a percentage of revenues for each of the periods indicated.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  | | |  | | | **Years Ended December 31,** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | |  | | | **2022** | | | | | | | | |  | | | **2021** | | | | | | | | |  | | | **2020** | | | | | | | | |
| *(In thousands)* | | |  | | | **Dollars** | | |  | | | **% of Revenue** | | |  | | | **Dollars** | | |  | | | **% of Revenue** | | |  | | | **Dollars** | | |  | | | **% of Revenue** | | |
| Revenues | | |  | | | $ | 376,423 |  |  | | | 100.0 | | % |  | | | $ | 367,013 |  |  | | | 100.0 | | % |  | | | $ | 356,036 |  |  | | | 100.0 | | % |
| Cost of revenues | | |  | | | 205,294 | |  |  | | | 54.5 | | % |  | | | 203,044 | |  |  | | | 55.3 | | % |  | | | 180,712 | |  |  | | | 50.8 | | % |
| Selling and marketing | | |  | | | 68,453 | |  |  | | | 18.2 | | % |  | | | 66,937 | |  |  | | | 18.2 | | % |  | | | 70,220 | |  |  | | | 19.7 | | % |
| Research and development | | |  | | | 36,987 | |  |  | | | 9.8 | | % |  | | | 39,123 | |  |  | | | 10.7 | | % |  | | | 38,706 | |  |  | | | 10.9 | | % |
| General and administrative | | |  | | | 61,200 | |  |  | | | 16.3 | | % |  | | | 61,736 | |  |  | | | 16.8 | | % |  | | | 55,783 | |  |  | | | 15.7 | | % |
| Amortization of intangible assets | | |  | | | 27,096 | |  |  | | | 7.2 | | % |  | | | 25,038 | |  |  | | | 6.8 | | % |  | | | 27,219 | |  |  | | | 7.6 | | % |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Impairment of goodwill | | |  | | | 46,300 | |  |  | | | 12.3 | | % |  | | | — | |  |  | | | — | | % |  | | | — | |  |  | | | — | | % |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Restructuring | | |  | | | 5,810 | |  |  | | | 1.5 | | % |  | | | — | |  |  | | | — | | % |  | | | — | |  |  | | | — | | % |
| Impairment of right-of-use and long-lived assets | | |  | | | 156 | |  |  | | | — | | % |  | | | — | |  |  | | | — | | % |  | | | 4,671 | |  |  | | | 1.3 | | % |
| Total expenses from operations | | |  | | | 451,296 | |  |  | | | 119.9 | | % |  | | | 395,878 | |  |  | | | 107.9 | | % |  | | | 377,311 | |  |  | | | 106.0 | | % |
| Loss from operations | | |  | | | (74,873) | |  |  | | | (19.9) | | % |  | | | (28,865) | |  |  | | | (7.9) | | % |  | | | (21,275) | |  |  | | | (6.0) | | % |
| Loss on extinguishment of debt | | |  | | | — | |  |  | | | — | | % |  | | | (9,629) | |  |  | | | (2.6) | | % |  | | | — | |  |  | | | — | | % |
| Interest expense, net | | |  | | | (915) | |  |  | | | (0.2) | | % |  | | | (7,801) | |  |  | | | (2.1) | | % |  | | | (35,805) | |  |  | | | (10.1) | | % |
| Other income (expense), net | | |  | | | 9,785 | |  |  | | | 2.6 | | % |  | | | (5,778) | |  |  | | | (1.6) | | % |  | | | 14,554 | |  |  | | | 4.1 | | % |
| Gain (loss) from foreign currency transactions | | |  | | | 1,166 | |  |  | | | 0.3 | | % |  | | | 2,895 | |  |  | | | 0.8 | | % |  | | | (4,490) | |  |  | | | (1.3) | | % |
| Loss before income taxes | | |  | | | (64,837) | |  |  | | | (17.2) | | % |  | | | (49,178) | |  |  | | | (13.4) | | % |  | | | (47,016) | |  |  | | | (13.2) | | % |
| Income tax provision | | |  | | | (1,724) | |  |  | | | (0.5) | | % |  | | | (859) | |  |  | | | (0.2) | | % |  | | | (902) | |  |  | | | (0.3) | | % |
| Net loss | | |  | | | $ | (66,561) |  |  | | | (17.7) | | % |  | | | $ | (50,037) |  |  | | | (13.6) | | % |  | | | $ | (47,918) |  |  | | | (13.5) | | % |

***Revenues***

Our products and services are organized around solution groups that address customer needs. Accordingly, we evaluate revenues around two solution groups:

•Digital Ad Solutions provide measurement of the behavior and characteristics of audiences across digital platforms, including computers, tablets, mobile and other connected devices. This solution group also includes custom offerings that provide end-to-end solutions for planning, optimization and evaluation of advertising campaigns and brand protection across digital platforms, including transactional outcome-based measurement driven by our Activation and CCR products.

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•Cross Platform Solutions provide measurement of content and advertising audiences across local, national and addressable television, including consumption through connected (Smart) televisions, and are designed to help customers find the most relevant viewing audience whether that viewing is linear, non-linear, online or on-demand. This solution group also includes custom offerings that provide end-to-end solutions for planning, optimization and evaluation of advertising campaigns across platforms. In addition, this solution group includes products that measure movie viewership and box office results by capturing movie ticket sales in real time or near real time and includes box office analytics, trend analysis and insights for movie studios and movie theater operators worldwide.

We categorize our revenue along these solution groups; however, our cost structure is tracked at the corporate level and not by our solution groups. These costs include, but are not limited to, employee costs, purchased data, operational overhead, data storage and technology that supports multiple solution groups.

Revenues for the years ended December 31, 2022 and 2021 are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | | | | | | | |  | | |  | | |  | | |  | | |
| *(In thousands)* | | | **2022** | | |  | | | **% of Revenue** | | |  | | | **2021** | | |  | | | **% of Revenue** | | |  | | | **$ Variance** | | |  | | | **% Variance** | | |
| Digital Ad Solutions | | | $ | 212,510 |  |  | | | 56.5 | | % |  | | | $ | 221,979 |  |  | | | 60.5 | | % |  | | | $ | (9,469) |  |  | | | (4.3) | | % |
| Cross Platform Solutions | | | 163,913 | |  |  | | | 43.5 | | % |  | | | 145,034 | |  |  | | | 39.5 | | % |  | | | 18,879 | |  |  | | | 13.0 | | % |
| Total revenues | | | $ | 376,423 |  |  | | | 100.0 | | % |  | | | $ | 367,013 |  |  | | | 100.0 | | % |  | | | $ | 9,410 |  |  | | | 2.6 | | % |

Total revenues increased by $9.4 million, or 2.6%, for the year ended December 31, 2022 as compared to 2021.

Digital Ad Solutions revenue decreased primarily due to lower usage of our Activation product as well as a decline in our syndicated digital products and custom digital deliveries. Additionally, we recognized $2.4 million in license revenue under a multi-year contract in 2021 (related to delivery of our digital measurement products in Europe) that did not recur in 2022. We believe that macroeconomic factors (including inflation, rising interest rates and supply chain disruptions) caused a reduction or delay in advertising expenditures in 2022, impacting demand for certain digital products. We expect this trend to continue into 2023.

Cross Platform Solutions revenue increased primarily due to higher TV revenues from new partnerships, higher contract values from renewals and increased agency adoption. In addition, we recognized $4.1 million more revenue related to cost reimbursements of cloud computing and processing costs attributable to certain custom TV data set deliveries during 2022 compared to 2021. Our movies revenue increased due to the continued return of consumers to theaters in markets worldwide.

Revenues for the years ended December 31, 2021 and 2020 are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | | | | | | | |  | | |  | | |  | | |  | | |
| *(In thousands)* | | | **2021** | | |  | | | **% of Revenue** | | |  | | | **2020** | | |  | | | **% of Revenue** | | |  | | | **$ Variance** | | |  | | | **% Variance** | | |
| Digital Ad Solutions | | | $ | 221,979 |  |  | | | 60.5 | | % |  | | | $ | 213,504 |  |  | | | 60.0 | | % |  | | | $ | 8,475 |  |  | | | 4.0 | | % |
| Cross Platform Solutions | | | 145,034 | |  |  | | | 39.5 | | % |  | | | 142,532 | |  |  | | | 40.0 | | % |  | | | 2,502 | |  |  | | | 1.8 | | % |
| Total revenues | | | $ | 367,013 |  |  | | | 100.0 | | % |  | | | $ | 356,036 |  |  | | | 100.0 | | % |  | | | $ | 10,977 |  |  | | | 3.1 | | % |

Total revenues increased by $11.0 million, or 3.1%, for the year ended December 31, 2021 as compared to 2020.

Digital Ad Solutions revenue increased primarily due to double-digit year-over-year growth related to Activation as we continued to bring new solutions to market. Additionally, revenue in 2021 included $2.4 million in license revenue recognized under the multi-year contract described above. This increase was partially offset by lower revenue from our syndicated digital products. Syndicated digital revenue was lower primarily due to our smaller customers who continued to be impacted by ongoing industry changes in ad buying and consolidations.

Cross Platform Solutions revenue increased primarily due to higher revenue from our TV products. TV revenue was higher primarily due to new partnerships, increased agency adoption and higher deliveries of custom TV data. This increase was partially offset by a decrease in our movies business primarily driven by lower revenues during the first quarter of 2021, which reflected the full impact of the COVID-19 pandemic and its effect on theater closures, movie releases and consumer behavior worldwide.

Revenues by Geographic Location

Revenue from outside of the United States was $38.6 million, $45.1 million and $45.3 million for the years ended December 31, 2022, 2021, and 2020, respectively. Non-U.S. revenue declined in 2022 primarily due to the $2.4 million in license fee revenue recognized in Europe under a multi-year contract in 2021 that did not recur in 2022, as well as a decline in revenue from our syndicated digital products.

We generate the majority of our revenues from the sale and delivery of our products within the United States. For information with respect to sales by geographic markets, refer to [Footnote 4](#i0047531bd13046b986557e31951e34f8_106), *Revenue Recognition*, of the Notes to Consolidated Financial Statements. Our chief operating decision maker (our CEO) does not evaluate the profit or loss from any separate geography.

We anticipate that revenues from our U.S. sales will continue to constitute a substantial and increasing portion of our revenues in future periods. We expect our non-U.S. revenues to continue to decline as a percentage of our total revenues as a result of relative growth in our domestic product offerings.

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WPP Related Party Revenue

We provide WPP plc ("WPP") and its affiliates, in the normal course of business, services relating to our different product lines and receive various services from WPP and its affiliates in supporting our data collection efforts. For the years ended December 31, 2022, 2021, and 2020, related party revenues with WPP and its affiliates were $11.7 million, $13.6 million and $13.3 million, respectively.

***Cost of Revenues***

Cost of revenues consists primarily of expenses related to producing our products, operating our network infrastructure, the recruitment, maintenance and support of our consumer panels and amortization of capitalized fulfillment costs. These expenses include employee costs for salaries, benefits, stock-based compensation and other related personnel costs of network operations, survey operations, custom analytics and technical support, all of which are expensed as they are incurred. Cost of revenues also includes costs to obtain multichannel video programming distributor ("MVPD") data sets and panel, census-based and other data sets used in our products as well as operational costs associated with our data centers, including depreciation expense associated with computer equipment and internally developed software that supports our panels and systems. Additionally, cost of revenues includes allocated overhead, lease expense and other facilities-related costs.

Cost of revenues for the years ended December 31, 2022 and 2021 are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | | | | | | | |  | | |  | | | | | | | | |
| *(In thousands)* | | | **2022** | | |  | | | **% of Revenue** | | |  | | | **2021** | | |  | | | **% of Revenue** | | |  | | | **$ Variance** | | |  | | | **% Variance** | | |
| Data costs | | | $ | 70,707 |  |  | | | 18.8 | | % |  | | | $ | 74,196 |  |  | | | 20.2 | | % |  | | | $ | (3,489) |  |  | | | (4.7) | | % |
| Employee costs | | | 41,003 | |  |  | | | 10.9 | | % |  | | | 41,386 | |  |  | | | 11.3 | | % |  | | | (383) | |  |  | | | (0.9) | | % |
| Systems and bandwidth costs | | | 34,526 | |  |  | | | 9.2 | | % |  | | | 27,565 | |  |  | | | 7.5 | | % |  | | | 6,961 | |  |  | | | 25.3 | | % |
| Lease expense and depreciation | | | 21,016 | |  |  | | | 5.6 | | % |  | | | 18,946 | |  |  | | | 5.2 | | % |  | | | 2,070 | |  |  | | | 10.9 | | % |
| Panel costs | | | 15,747 | |  |  | | | 4.2 | | % |  | | | 15,198 | |  |  | | | 4.1 | | % |  | | | 549 | |  |  | | | 3.6 | | % |
| Sample and survey costs | | | 7,013 | |  |  | | | 1.9 | | % |  | | | 7,008 | |  |  | | | 1.9 | | % |  | | | 5 | |  |  | | | 0.1 | | % |
| Professional fees | | | 5,954 | |  |  | | | 1.6 | | % |  | | | 5,109 | |  |  | | | 1.4 | | % |  | | | 845 | |  |  | | | 16.5 | | % |
| Technology | | | 4,701 | |  |  | | | 1.2 | | % |  | | | 5,689 | |  |  | | | 1.6 | | % |  | | | (988) | |  |  | | | (17.4) | | % |
| Royalties and resellers | | | 3,534 | |  |  | | | 0.9 | | % |  | | | 4,039 | |  |  | | | 1.1 | | % |  | | | (505) | |  |  | | | (12.5) | | % |
| Other | | | 1,093 | |  |  | | | 0.3 | | % |  | | | 3,908 | |  |  | | | 1.1 | | % |  | | | (2,815) | |  |  | | | (72.0) | | % |
| Total cost of revenues | | | $ | 205,294 |  |  | | | 54.5 | | % |  | | | $ | 203,044 |  |  | | | 55.3 | | % |  | | | $ | 2,250 |  |  | | | 1.1 | | % |

Cost of revenues increased by $2.3 million, or 1.1%, for the year ended December 31, 2022 as compared to 2021. Systems and bandwidth costs increased primarily due to cloud computing and processing costs attributable to certain custom TV data set deliveries, including $4.1 million that was recognized as revenue in 2022 as described above. Lease expense and depreciation increased due to higher depreciation primarily driven by the addition of capitalized internal-use software costs as a result of our acquisition of Shareablee in 2021. These increases were offset by a decrease in data costs primarily due to an amended data licensing agreement with Charter Communications, which resulted in a credit of $4.5 million recognized in 2022. Additionally, other expenses decreased primarily due to higher contract fulfillment costs associated with the delivery of our cross-platform products in Europe in 2021.

Cost of revenues for the years ended December 31, 2021 and 2020 are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | | | | | | | |  | | |  | | | | | | | | |
| *(In thousands)* | | | **2021** | | |  | | | **% of Revenue** | | |  | | | **2020** | | |  | | | **% of Revenue** | | |  | | | **$ Variance** | | |  | | | **% Variance** | | |
| Data costs | | | $ | 74,196 |  |  | | | 20.2 | | % |  | | | $ | 63,598 |  |  | | | 17.9 | | % |  | | | $ | 10,598 |  |  | | | 16.7 | | % |
| Employee costs | | | 41,386 | |  |  | | | 11.3 | | % |  | | | 38,920 | |  |  | | | 10.9 | | % |  | | | 2,466 | |  |  | | | 6.3 | | % |
| Systems and bandwidth costs | | | 27,565 | |  |  | | | 7.5 | | % |  | | | 24,349 | |  |  | | | 6.8 | | % |  | | | 3,216 | |  |  | | | 13.2 | | % |
| Lease expense and depreciation | | | 18,946 | |  |  | | | 5.2 | | % |  | | | 16,970 | |  |  | | | 4.8 | | % |  | | | 1,976 | |  |  | | | 11.6 | | % |
| Panel costs | | | 15,198 | |  |  | | | 4.1 | | % |  | | | 19,075 | |  |  | | | 5.4 | | % |  | | | (3,877) | |  |  | | | (20.3) | | % |
| Sample and survey costs | | | 7,008 | |  |  | | | 1.9 | | % |  | | | 5,133 | |  |  | | | 1.4 | | % |  | | | 1,875 | |  |  | | | 36.5 | | % |
| Technology | | | 5,689 | |  |  | | | 1.6 | | % |  | | | 5,710 | |  |  | | | 1.6 | | % |  | | | (21) | |  |  | | | (0.4) | | % |
| Professional fees | | | 5,109 | |  |  | | | 1.4 | | % |  | | | 4,272 | |  |  | | | 1.2 | | % |  | | | 837 | |  |  | | | 19.6 | | % |
| Royalties and resellers | | | 4,039 | |  |  | | | 1.1 | | % |  | | | (33) | |  |  | | | — | | % |  | | | 4,072 | |  |  | | | NM (1) | | |
| Other | | | 3,908 | |  |  | | | 1.1 | | % |  | | | 2,718 | |  |  | | | 0.8 | | % |  | | | 1,190 | |  |  | | | 43.8 | | % |
| Total cost of revenues | | | $ | 203,044 |  |  | | | 55.3 | | % |  | | | $ | 180,712 |  |  | | | 50.8 | | % |  | | | $ | 22,332 |  |  | | | 12.4 | | % |

(1) Calculation is not meaningful.

Cost of revenues increased by $22.3 million, or 12.4%, for the year ended December 31, 2021 as compared to 2020. Data costs increased primarily due to higher TV data licensing costs to expand our data footprint and data rights, including our expanded data license with Charter Communications. Royalties and resellers expenses increased primarily due to a $2.0 million one-time, non-cash benefit related to certain revenue share arrangements recorded in the fourth quarter of 2020, lower costs during 2020 due to less revenue associated with revenue sharing arrangements, and a reclassification of costs historically captured in data costs to better reflect the nature of the services provided. Systems and

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bandwidth costs increased primarily due to increases in cloud-based data storage and bandwidth capacity. Employee costs increased as we allocated more employee resources towards support of our products and operating infrastructure and modified certain employee incentive compensation. Lease expense and depreciation increased primarily due to higher depreciation driven by previously capitalized internal-use software costs. Sample and survey costs increased primarily due to higher sales and deliveries of digital marketing solutions. Other expenses increased primarily due to higher contract fulfillment costs associated with the delivery of our cross-platform products in Europe. Offsetting these increases was a decrease in panel costs primarily due to lower recruitment and support costs for our mobile panels.

***Selling and Marketing***

Selling and marketing expenses consist primarily of employee costs, including salaries, benefits, commissions, stock-based compensation and other related costs for personnel associated with sales and marketing activities, as well as costs related to online and offline advertising, industry conferences, promotional materials, public relations, other sales and marketing programs and allocated overhead, which is comprised of lease expense and other facilities-related costs, and depreciation expense generated by general purpose equipment and software.

Selling and marketing expenses for the years ended December 31, 2022 and 2021 are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | | | | | | | |  | | |  | | |  | | |  | | |
| *(In thousands)* | | | **2022** | | |  | | | **% of Revenue** | | |  | | | **2021** | | |  | | | **% of Revenue** | | |  | | | **$ Variance** | | |  | | | **% Variance** | | |
| Employee costs | | | $ | 55,416 |  |  | | | 14.7 | | % |  | | | $ | 55,966 |  |  | | | 15.2 | | % |  | | | $ | (550) |  |  | | | (1.0) | | % |
| Lease expense and depreciation | | | 3,849 | |  |  | | | 1.0 | | % |  | | | 4,217 | |  |  | | | 1.1 | | % |  | | | (368) | |  |  | | | (8.7) | | % |
| Technology | | | 3,360 | |  |  | | | 0.9 | | % |  | | | 2,621 | |  |  | | | 0.7 | | % |  | | | 739 | |  |  | | | 28.2 | | % |
| Professional fees | | | 2,464 | |  |  | | | 0.7 | | % |  | | | 2,024 | |  |  | | | 0.6 | | % |  | | | 440 | |  |  | | | 21.7 | | % |
| Marketing and advertising | | | 1,751 | |  |  | | | 0.5 | | % |  | | | 953 | |  |  | | | 0.3 | | % |  | | | 798 | |  |  | | | 83.7 | | % |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Other | | | 1,613 | |  |  | | | 0.4 | | % |  | | | 1,156 | |  |  | | | 0.3 | | % |  | | | 457 | |  |  | | | 39.5 | | % |
| Total selling and marketing expenses | | | $ | 68,453 |  |  | | | 18.2 | | % |  | | | $ | 66,937 |  |  | | | 18.2 | | % |  | | | $ | 1,516 |  |  | | | 2.3 | | % |

Selling and marketing expenses increased by $1.5 million, or 2.3%, for the year ended December 31, 2022 as compared to 2021. Marketing and advertising expense increased primarily due to increased participation in marketing events during 2022.

Selling and marketing expenses for the years ended December 31, 2021 and 2020 are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | | | | | | | |  | | |  | | |  | | |  | | |
| *(In thousands)* | | | **2021** | | |  | | | **% of Revenue** | | |  | | | **2020** | | |  | | | **% of Revenue** | | |  | | | **$ Variance** | | |  | | | **% Variance** | | |
| Employee costs | | | $ | 55,966 |  |  | | | 15.2 | | % |  | | | $ | 57,629 |  |  | | | 16.2 | | % |  | | | $ | (1,663) |  |  | | | (2.9) | | % |
| Lease expense and depreciation | | | 4,217 | |  |  | | | 1.1 | | % |  | | | 4,980 | |  |  | | | 1.4 | | % |  | | | (763) | |  |  | | | (15.3) | | % |
| Technology | | | 2,621 | |  |  | | | 0.7 | | % |  | | | 2,579 | |  |  | | | 0.7 | | % |  | | | 42 | |  |  | | | 1.6 | | % |
| Professional fees | | | 2,024 | |  |  | | | 0.6 | | % |  | | | 2,651 | |  |  | | | 0.7 | | % |  | | | (627) | |  |  | | | (23.7) | | % |
| Marketing and advertising | | | 953 | |  |  | | | 0.3 | | % |  | | | 817 | |  |  | | | 0.2 | | % |  | | | 136 | |  |  | | | 16.6 | | % |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Other | | | 1,156 | |  |  | | | 0.3 | | % |  | | | 1,564 | |  |  | | | 0.4 | | % |  | | | (408) | |  |  | | | (26.1) | | % |
| Total selling and marketing expenses | | | $ | 66,937 |  |  | | | 18.2 | | % |  | | | $ | 70,220 |  |  | | | 19.7 | | % |  | | | $ | (3,283) |  |  | | | (4.7) | | % |

Selling and marketing expenses decreased by $3.3 million, or 4.7%, for the year ended December 31, 2021 as compared to 2020. Employee costs decreased primarily due to lower commission expense and a decrease in employee headcount. Lease and depreciation expense decreased primarily due to lower rent as we reduced our office footprint and sublet two locations during 2020.

***Research and Development***

Research and development expenses include product development costs, consisting primarily of employee costs including salaries, benefits, stock-based compensation and other related costs for personnel associated with research and development activities, third-party expenses to develop new products and third-party data costs and allocated overhead, which is comprised of lease expense and other facilities-related costs, and depreciation expense related to general purpose equipment and software.

Research and development expenses for the years ended December 31, 2022 and 2021 are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | | | | | | | |  | | |  | | |  | | |  | | |
| *(In thousands)* | | | **2022** | | |  | | | **% of Revenue** | | |  | | | **2021** | | |  | | | **% of Revenue** | | |  | | | **$ Variance** | | |  | | | **% Variance** | | |
| Employee costs | | | $ | 28,955 |  |  | | | 7.7 | | % |  | | | $ | 29,116 |  |  | | | 7.9 | | % |  | | | $ | (161) |  |  | | | (0.6) | | % |
| Technology | | | 3,685 | |  |  | | | 1.0 | | % |  | | | 4,264 | |  |  | | | 1.2 | | % |  | | | (579) | |  |  | | | (13.6) | | % |
| Lease expense and depreciation | | | 2,783 | |  |  | | | 0.7 | | % |  | | | 3,555 | |  |  | | | 1.0 | | % |  | | | (772) | |  |  | | | (21.7) | | % |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Professional fees | | | 1,002 | |  |  | | | 0.3 | | % |  | | | 1,664 | |  |  | | | 0.5 | | % |  | | | (662) | |  |  | | | (39.8) | | % |
| Other | | | 562 | |  |  | | | 0.1 | | % |  | | | 524 | |  |  | | | 0.1 | | % |  | | | 38 | |  |  | | | 7.3 | | % |
| Total research and development expenses | | | $ | 36,987 |  |  | | | 9.8 | | % |  | | | $ | 39,123 |  |  | | | 10.7 | | % |  | | | $ | (2,136) |  |  | | | (5.5) | | % |

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Research and development expenses decreased by $2.1 million, or 5.5%, for the year ended December 31, 2022 as compared to 2021. Lease and depreciation expense decreased primarily due to lower rent as we reduced our office footprint. Professional fees decreased primarily due to a decrease in consulting services. Technology expenses decreased due to decreases in various license and maintenance agreements compared to 2021.

Research and development expenses for the years ended December 31, 2021 and 2020 are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | | | | | | | |  | | |  | | |  | | |  | | |
| *(In thousands)* | | | **2021** | | |  | | | **% of Revenue** | | |  | | | **2020** | | |  | | | **% of Revenue** | | |  | | | **$ Variance** | | |  | | | **% Variance** | | |
| Employee costs | | | $ | 29,116 |  |  | | | 7.9 | | % |  | | | $ | 28,512 |  |  | | | 8.0 | | % |  | | | $ | 604 |  |  | | | 2.1 | | % |
| Technology | | | 4,264 | |  |  | | | 1.2 | | % |  | | | 4,322 | |  |  | | | 1.2 | | % |  | | | (58) | |  |  | | | (1.3) | | % |
| Lease expense and depreciation | | | 3,555 | |  |  | | | 1.0 | | % |  | | | 3,999 | |  |  | | | 1.1 | | % |  | | | (444) | |  |  | | | (11.1) | | % |
| Professional fees | | | 1,664 | |  |  | | | 0.5 | | % |  | | | 1,258 | |  |  | | | 0.4 | | % |  | | | 406 | |  |  | | | 32.3 | | % |
| Other | | | 524 | |  |  | | | 0.1 | | % |  | | | 615 | |  |  | | | 0.2 | | % |  | | | (91) | |  |  | | | (14.8) | | % |
| Total research and development expenses | | | $ | 39,123 |  |  | | | 10.7 | | % |  | | | $ | 38,706 |  |  | | | 10.9 | | % |  | | | $ | 417 |  |  | | | 1.1 | | % |

Research and development expenses increased by $0.4 million, or 1.1%, for the year ended December 31, 2021 as compared to 2020. Employee costs increased primarily due to higher stock-based compensation expense and the modification of certain employee incentive compensation.

***General and Administrative***

General and administrative expenses consist primarily of employee costs including salaries, benefits, stock-based compensation and other related costs, and related expenses for executive management, finance, human capital, legal and other administrative functions, as well as professional fees, overhead, including allocated overhead, which is comprised of lease expense and other facilities-related costs, depreciation expense related to general purpose equipment and software, and expenses incurred for other general corporate purposes.

General and administrative expenses for the years ended December 31, 2022 and 2021 are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
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|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | | | | | | | |  | | |  | | |  | | |  | | |
| *(In thousands)* | | | **2022** | | |  | | | **% of Revenue** | | |  | | | **2021** | | |  | | | **% of Revenue** | | |  | | | **$ Variance** | | |  | | | **% Variance** | | |
| Employee costs | | | $ | 31,298 |  |  | | | 8.3 | | % |  | | | $ | 33,571 |  |  | | | 9.1 | | % |  | | | $ | (2,273) |  |  | | | (6.8) | | % |
| Professional fees | | | 15,706 | |  |  | | | 4.2 | | % |  | | | 16,194 | |  |  | | | 4.4 | | % |  | | | (488) | |  |  | | | (3.0) | | % |
| Technology | | | 3,379 | |  |  | | | 0.9 | | % |  | | | 2,922 | |  |  | | | 0.8 | | % |  | | | 457 | |  |  | | | 15.6 | | % |
| Lease expense and depreciation | | | 1,668 | |  |  | | | 0.4 | | % |  | | | 1,888 | |  |  | | | 0.5 | | % |  | | | (220) | |  |  | | | (11.7) | | % |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Other | | | 9,149 | |  |  | | | 2.4 | | % |  | | | 7,161 | |  |  | | | 2.0 | | % |  | | | 1,988 | |  |  | | | 27.8 | | % |
| Total general and administrative expenses | | | $ | 61,200 |  |  | | | 16.3 | | % |  | | | $ | 61,736 |  |  | | | 16.8 | | % |  | | | $ | (536) |  |  | | | (0.9) | | % |

General and administrative expenses decreased by $0.5 million, or 0.9%, for the year ended December 31, 2022 as compared to 2021. Employee costs decreased primarily due to lower stock-based compensation expense as a result of various executive departures in 2022 offset by an increase in salary costs. These decreases were partially offset by an increase in Other primarily related to change in fair value of the contingent consideration recognized as part of the business combination described in [Footnote 2](#i0047531bd13046b986557e31951e34f8_94), *Summary of Significant Accounting Policies*.

General and administrative expenses for the years ended December 31, 2021 and 2020 are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
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|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | | **Year Ended December 31,** | | | | | | | | | | | | | | | | | | | | |  | | |  | | |  | | |  | | |
| *(In thousands)* | | | **2021** | | |  | | | **% of Revenue** | | |  | | | **2020** | | |  | | | **% of Revenue** | | |  | | | **$ Variance** | | |  | | | **% Variance** | | |
| Employee costs | | | $ | 33,571 |  |  | | | 9.1 | | % |  | | | $ | 28,205 |  |  | | | 7.9 | | % |  | | | $ | 5,366 |  |  | | | 19.0 | | % |
| Professional fees | | | 16,194 | |  |  | | | 4.4 | | % |  | | | 12,922 | |  |  | | | 3.6 | | % |  | | | 3,272 | |  |  | | | 25.3 | | % |
| Technology | | | 2,922 | |  |  | | | 0.8 | | % |  | | | 2,246 | |  |  | | | 0.6 | | % |  | | | 676 | |  |  | | | 30.1 | | % |
| Lease expense and depreciation | | | 1,888 | |  |  | | | 0.5 | | % |  | | | 2,114 | |  |  | | | 0.6 | | % |  | | | (226) | |  |  | | | (10.7) | | % |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Other | | | 7,161 | |  |  | | | 2.0 | | % |  | | | 10,296 | |  |  | | | 2.9 | | % |  | | | (3,135) | |  |  | | | (30.4) | | % |
| Total general and administrative expenses | | | $ | 61,736 |  |  | | | 16.8 | | % |  | | | $ | 55,783 |  |  | | | 15.7 | | % |  | | | $ | 5,953 |  |  | | | 10.7 | | % |

(1) Calculation is not meaningful.

General and administrative expenses increased by $6.0 million, or 10.7%, for the year ended December 31, 2021 as compared to 2020. Employee costs increased primarily due to higher stock-based compensation expense and the modification of certain employee incentive compensation. Professional fees increased primarily due to increased consulting and audit fees in 2021 related to implementation support for our new ERP system. These increases were offset by a decrease in other, primarily related to higher bad debt expense in the first half of 2020 as a result of the COVID-19 pandemic.

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***Amortization of Intangible Assets***

Amortization expense consists of charges related to the amortization of intangible assets associated with acquisitions, primarily our Rentrak merger in which we acquired $170.3 million of finite-lived intangible assets. Amortization of intangible assets increased by $2.1 million, or 8.2%, for 2022 as compared to 2021 primarily due to amortization related to the customer relationships, methodologies and technology acquired as part of the Shareablee acquisition in December 2021. Amortization of intangible assets decreased by $2.2 million, or 8.0%, for 2021 as compared to 2020 due primarily to certain acquired software and customer relationship intangibles having reached the end of their useful lives.

***Impairment of Goodwill***

As of September 30, 2022, as a result of a decline in our stock price and market capitalization, among other factors, we performed an interim impairment review of our goodwill in conjunction with our October 1, 2022 annual testing date. Our reporting unit did not pass the goodwill impairment test, and as a result we recorded a $46.3 million non-cash impairment charge.

For further information refer to [Footnote 10](#i0047531bd13046b986557e31951e34f8_142), *Goodwill and Intangible Assets* and[Item 7](#i0047531bd13046b986557e31951e34f8_67)*, Critical Accounting Estimates*.

***Restructuring***

We incurred restructuring expenses of $5.8 million for the year ended December 31, 2022, related to the implementation of a restructuring plan that included a workforce reduction. Certain other initiatives are expected to be completed as part of the restructuring plan, as described in [Footnote 15](#i0047531bd13046b986557e31951e34f8_271), *Organizational Restructuring*. No restructuring expenses were incurred during 2021 or 2020.

***Impairment of Right-of-use and Long-lived Assets***

In 2020, we recorded a $4.7 million impairment charge related to our facility lease right-of-use assets and associated leasehold improvements for certain properties on the market for sublease. The impairment charge was driven by changes in our projected undiscounted cash flows for certain properties, primarily as a result of changes in the real estate market related to the COVID-19 pandemic, that led to an increase in the estimated marketing time and a reduction of expected receipts.

***Loss on Extinguishment of Debt***

Loss on extinguishment of debt represents the difference between the carrying value of our debt instruments and any consideration paid to our creditors in the form of cash or shares of our Common Stock on the extinguishment date.

In 2021, we recorded a $9.6 million loss on debt extinguishment related to the payoff of our senior secured convertible notes issues to Starboard Value LP (the "Notes") and a subsidiary-issued secured promissory note (the "Secured Term Note") on March 10, 2021. The primary drivers of the extinguishment loss were the write-off of unamortized deferred financing costs and issuance discounts, the issuance of additional shares of Common Stock in connection with the extinguishment, and the derecognition of the interest rate reset derivative liability on the Notes. These components are described in [Footnote 6](#i0047531bd13046b986557e31951e34f8_124), *Debt*.

***Interest Expense, Net***

Interest expense, net consists of interest income and interest expense. Interest income primarily consists of interest earned from our cash and cash equivalent balances. Interest expense relates to interest on our Notes, Secured Term Note, Revolving Credit Agreement, sale-leaseback agreement, and our finance leases.

Interest expense, net, decreased $6.9 million during 2022 to $0.9 million as compared to $7.8 million in 2021. The decrease in interest expense for the year ended December 31, 2022 as compared to 2021 was primarily due to the extinguishment of the Notes and the Secured Term Note in March 2021, as described in [Footnote 6](#i0047531bd13046b986557e31951e34f8_124), *Debt.*

Interest expense, net, decreased to $7.8 million in 2021 as compared to $35.8 million in 2020. Interest expense decreased in 2021 primarily due to the extinguishment of the Notes and the Secured Term Note in March 2021.

Refer to [Footnote 6](#i0047531bd13046b986557e31951e34f8_124), *Debt* for information on our debt and related extinguishments.

***Other Income (Expense), Net***

Other income (expense), net represents income and expenses incurred that are generally not recurring in nature or are not part of our normal operations.

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The following is a summary of other income (expense), net:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
| *(In thousands)* | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| Change in fair value of financing derivatives | | | $ | — |  |  | | | $ | 1,800 |  |  | | | $ | 10,287 |  |
| Change in fair value of warrants liability | | | 9,802 | |  |  | | | (7,689) | |  |  | | | 4,894 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
| Other | | | (17) | |  |  | | | 111 | |  |  | | | (627) | |  |
| Total other income (expense), net | | | $ | 9,785 |  |  | | | $ | (5,778) |  |  | | | $ | 14,554 |  |

Total other income, net for the year ended December 31, 2022 was $9.8 million as compared to total other expense, net of $5.8 million in 2021. The increase in other income, net was primarily driven by gains from the change in fair value of warrants liability due to a decrease in the trading price of our Common Stock during the year. This compared to other expense, net for 2021 due to the loss on the warrants liability resulting from an exercise price adjustment described in [Footnote 5](#i0047531bd13046b986557e31951e34f8_115), *Convertible Redeemable Preferred Stock and Stockholders' Equity*, and an increase in the trading price of our Common Stock during 2021.

Total other expense, net for the year ended December 31, 2021 was $5.8 million as compared to total other income, net of $14.6 million in 2020. The shift from other income, net was largely driven by a loss from the change in the fair value of our warrants liability and lower gains from the change in fair value of our financing derivatives. The loss on the warrants liability for 2021 was due primarily to the exercise price adjustment described in [Footnote 5](#i0047531bd13046b986557e31951e34f8_115), *Convertible Redeemable Preferred Stock and Stockholders' Equity*, and an increase in the trading price of our Common Stock during 2021*.* The gain on the financing derivatives was primarily due to the passage of time as our remaining future interest obligations declined over the term of the Notes prior to their extinguishment in March 2021.

***Gain (Loss) from Foreign Currency Transactions***

Our foreign currency transactions are recorded as a result of fluctuations in the exchange rate between the transactional currency and the functional currency of foreign subsidiary transactions.

For the year ended December 31, 2022, the gain from foreign currency transactions was $1.2 million. The gain was primarily driven by fluctuations in the Euro and Chilean Peso against the U.S. Dollar and U.S. Dollar against the Canadian Dollar and Argentine Peso.

For the year ended December 31, 2021, the gain from foreign currency transactions was $2.9 million. The gain was primarily driven by fluctuations in the Euro and Chilean Peso against the U.S. Dollar and Chilean Peso against the Euro.

For the year ended December 31, 2020, the loss from foreign currency transactions was $4.5 million. The loss was primarily driven by fluctuations in the Chilean Peso against both the U.S. Dollar and Brazilian Real and the U.S. Dollar against the Euro.

***Income Tax Provision***

A valuation allowance has been established against our net U.S. federal and state deferred tax assets, and certain foreign deferred tax assets, including net operating loss carryforwards. As a result, our income tax position is primarily related to foreign tax activity and U.S. deferred taxes for tax deductible goodwill and other indefinite-lived liabilities.

During the years ended December 31, 2022, 2021, and 2020, we recorded an income tax provision of $1.7 million, $0.9 million, and $0.9 million, resulting in an effective tax rate of 2.7%, 1.7%, and 1.9%, respectively. These effective tax rates differ from the U.S. federal statutory rate primarily due to the effects of certain permanent items, foreign tax rate differences, and increases in the valuation allowance against our domestic deferred tax assets.

Included within tax expense for the year ended December 31, 2022 is income tax benefit of $2.6 million for permanent differences in the book and tax treatment of nontaxable gain on fair market value adjustment of stock warrants, offset by certain nondeductible stock-based compensation and executive compensation. Also included in the total tax expense is an income tax adjustment of $12.7 million related to the impairment of goodwill. Income tax expense of $18.5 million has also been included for an increase in the valuation allowance recorded against our deferred tax assets to offset the tax benefit of our operating losses in the U.S. and certain foreign jurisdictions. These tax adjustments, along with state and local taxes and book losses in foreign jurisdictions where the income tax rate is substantially lower than the U.S. federal statutory rate, are the primary drivers of the annual effective income tax rate.

Included within tax expense for the year ended December 31, 2021 are income tax adjustments of $9.2 million for permanent differences in the book and tax treatment of certain stock-based compensation, limitations on the deductibility of certain executive compensation, nondeductible interest expense on debt instruments and associated derivatives, and other nondeductible expenses. Also included is a favorable return to provision true-up adjustment of $8.3 million for a prior year permanent difference related to foreign earnings taxable in the U.S. as a result of a tax restructuring that occurred during 2020. Tax expense of $16.3 million has also been included for an increase in the valuation allowance recorded against our deferred tax assets to offset the tax benefit of our operating losses in the U.S. and certain foreign jurisdictions. This increase was offset by a tax benefit of $2.8 million for the release of a portion of our U.S. valuation allowance as a result of the Shareablee acquisition.

Included within tax expense for the year ended December 31, 2020 are income tax adjustments of $8.9 million for permanent differences in the book and tax treatment of certain stock-based compensation, limitations on the deductibility of certain executive compensation, nondeductible

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interest expense on debt instruments and associated derivatives, and other nondeductible expenses. Also included is an adjustment of $11.2 million for a permanent difference related to foreign earnings taxable in the U.S. as a result of a tax restructuring that occurred during the year.

**Liquidity and Capital Resources**

The following table summarizes our cash flows for each of the periods identified:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
| *(In thousands)* | | |  | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| Net cash provided by operating activities | | |  | | | $ | 34,937 |  |  | | | $ | 9,856 |  |  | | | $ | 717 |  |
| Net cash used in investing activities | | |  | | | (17,822) | |  |  | | | (14,648) | |  |  | | | (15,555) | |  |
| Net cash used in financing activities | | |  | | | (18,132) | |  |  | | | (22,452) | |  |  | | | (2,096) | |  |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | | |  | | | (820) | |  |  | | | (1,218) | |  |  | | | 902 | |  |
| Net decrease in cash, cash equivalents and restricted cash | | |  | | | (1,837) | |  |  | | | (28,462) | |  |  | | | (16,032) | |  |

Overview

Our principal uses of cash consist of cash paid for data, payroll and other operating expenses, including restructuring-related costs and expenses incurred in prior periods; payments related to investments in equipment, primarily to support our consumer panels and technical infrastructure required to deliver our products and services and support our customers; service of our debt and lease facilities; and dividend payment obligations with respect to our Preferred Stock.

As of December 31, 2022, our principal sources of liquidity consisted of cash, cash equivalents and restricted cash totaling $20.4 million, including $0.4 million in restricted cash; cash flows from our operations; and amounts available to us under our Revolving Credit Agreement, as described below.

On June 30, 2022, we made cash dividend payments totaling $15.5 million to the holders of our Preferred Stock, representing dividends accrued for the period from June 30, 2021 through June 29, 2022. The next scheduled dividend payment date for the Preferred Stock is June 30, 2023, and as of December 31, 2022, accrued dividends for the Preferred Stock totaled $7.9 million.

On May 5, 2021, we entered into the Revolving Credit Agreement with Bank of America N.A. The Revolving Credit Agreement provides a borrowing capacity equal to $40.0 million, which was increased from $25.0 million on February 25, 2022. As of December 31, 2022, we had outstanding borrowings of $16.0 million and outstanding letters of credit totaling $3.4 million under the Revolving Credit Agreement, leaving a remaining borrowing capacity of $20.6 million.

Macroeconomic Factors

During 2020 and 2021, the COVID-19 pandemic and related government mandates and restrictions had a significant impact on the media, advertising and entertainment industries in which we operate. The pandemic also had an impact on our business, including with respect to the execution of new and renewal contracts, the impact of closed movie theaters on our customers, customer payment delays and requests to modify contractual payment terms. In response to the COVID-19 pandemic, we took actions in 2020 and 2021 to mitigate the liquidity impact, including freezing hiring, exiting non-critical consultants and contractors, terminating or negotiating reductions in vendor agreements and leases, and reducing certain travel, marketing, recruiting and other corporate activities. Although we cannot quantify the impact that the pandemic may have on our business in the future, we saw positive recovery in 2022, including the reopening of theaters in most markets worldwide. At the same time, however, macroeconomic factors such as inflation, rising interest rates, and supply chain disruptions caused some advertisers to reduce or delay advertising expenditures in the second half of 2022. These declines had a direct impact on demand for our products, particularly those for which we recognize revenue based on impressions used. We expect that softness in the advertising market will continue to affect our business in 2023.

Preferred Stock

On March 10, 2021, we issued 82,527,609 shares of Preferred Stock in exchange for gross cash proceeds of $204.0 million. Net proceeds from the issuance totaled $187.9 millionafter deducting issuance costs. Shares of Preferred Stock are convertible into Common Stock as described in [Footnote 5](#i0047531bd13046b986557e31951e34f8_115), *Convertible Redeemable Preferred Stock and Stockholders' Equity*. As of December 31, 2022, each share of Preferred Stock was convertible into 1.038542 shares of Common Stock, with such conversion rate scheduled to return to 1.00 upon payment of accrued dividends on June 30, 2023.

The holders of Preferred Stock are entitled to participate in all dividends declared on the Common Stock on an as-converted basis and are also entitled to a cumulative dividend at the rate of 7.5% per annum, payable annually in arrears and subject to increase under certain specified circumstances. In addition, such holders are entitled to request, and we must take all actions reasonably necessary to pay, a one-time special dividend on the Preferred Stock equal to the highest dividend that our Board of Directors determines can be paid at the applicable time (or a lesser amount agreed by the holders), subject to additional conditions and limitations described in [Footnote 5](#i0047531bd13046b986557e31951e34f8_115), *Convertible Redeemable Preferred Stock and Stockholders' Equity*. We may be obligated to obtain debt financing in order to effectuate the special dividend, which could significantly impact our financial position and liquidity depending on the timing and scope of the dividend payment and related financing.

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Moreover, this obligation could lead us to refinance or terminate the Revolving Credit Agreement prior to its maturity, due to its restrictions on our ability to incur additional debt.

The proceeds from the Preferred Stock issuance were used to repay the Notes. In connection with the closing, we also repaid the Secured Term Note and certain transaction-related expenses with cash from our balance sheet. For additional information on the Preferred Stock issuance and related debt extinguishments, refer to [Footnote 6](#i0047531bd13046b986557e31951e34f8_124), *Debt* and [Footnote 5](#i0047531bd13046b986557e31951e34f8_115), *Convertible Redeemable Preferred Stock and Stockholders' Equity.*

Revolving Credit Agreement

On May 5, 2021, we entered into the Revolving Credit Agreement, which matures on May 5, 2024. The Revolving Credit Agreement provides a borrowing capacity equal to $40.0 million (increased from $25.0 million on February 25, 2022). We may also request the issuance of letters of credit under the Revolving Credit Agreement in an aggregate amount up to $5.0 million, which reduces the amount of available borrowings by the amount of such issued and outstanding letters of credit.

On February 25, 2022, we entered into an amendment to the Revolving Credit Agreement to expand our aggregate borrowing capacity from $25.0 million to $40.0 million. The 2022 amendment also replaced the previous Eurodollar Rate (as defined in the Revolving Credit Agreement) with a SOFR-based interest rate and modified the Applicable Rate definition in the Revolving Credit Agreement to increase the Applicable Rate payable on SOFR-based loans to 2.50%. On February 24, 2023, we entered into an additional amendment to the Revolving Credit Agreement that further increased the Applicable Rate payable on SOFR-based loans to 3.50%.

The amount we are able to borrow under the Revolving Credit Agreement is subject to compliance with the financial covenants, satisfaction of various conditions precedent to borrowing and other provisions of the Revolving Credit Agreement. Notably, the Revolving Credit Agreement (as amended) contains financial covenants that require us to maintain a minimum Consolidated Asset Coverage Ratio and minimum Liquidity through maturity, minimum Consolidated EBITDA for periods through December 31, 2023, and a minimum Consolidated Fixed Charge Coverage Ratio for periods after December 31, 2023 (each term as defined in the Revolving Credit Agreement). As of December 31, 2022, we were in compliance with our covenants under the Revolving Credit Agreement, and based on our current plans, we do not anticipate a breach of these covenants that would result in an event of default under the Revolving Credit Agreement.

As of December 31, 2022, we had outstanding borrowings of $16.0 million and outstanding letters of credit totaling $3.4 million under the Revolving Credit Agreement, leaving a remaining borrowing capacity of $20.6 million. The borrowed funds were used to reduce our accounts payable balances, primarily related to expenses incurred in prior periods, and support our working capital position. While we continue to take steps to reduce our outstanding trade payables and improve our working capital position, our liquidity could be negatively affected if we are unable to generate sufficient cash from operations to satisfy outstanding payables and meet our other financial obligations as they come due. Our liquidity could also be negatively affected if we are unable to repay or refinance our outstanding borrowings under the Revolving Credit Agreement upon its maturity in 2024.

For additional information on the Revolving Credit Agreement, refer to [Footnote 6](#i0047531bd13046b986557e31951e34f8_124), *Debt*.

Sale of Common Stock and Warrants

On June 23, 2019, we entered into a Securities Purchase Agreement with CVI Investments, Inc. ("CVI") pursuant to which we sold to CVI for aggregate gross proceeds of $20.0 million (i) 2,728,513 shares of Common Stock and (ii) Series A Warrants, Series B-1 Warrants, Series B-2 Warrants and Series C Warrants to initially purchase up to 11,654,033 shares of Common Stock (the "Private Placement"). On October 14, 2019, we issued 2,728,513 shares of Common Stock to CVI upon exercise by CVI of the Series C Warrants. As a result of this exercise, the number of shares issuable under our Series A Warrants was increased by 2,728,513. On January 29, 2020, the Series B-1 Warrants expired unexercised. On August 3, 2020, the Series B-2 Warrants expired unexercised.

For additional information on the Private Placement and the 2021 adjustment to the exercise price of our Series A Warrants in connection with the Preferred Stock issuance (which adjustment could reduce the cash proceeds we receive upon exercise of the Series A Warrants), refer to [Footnote 5](#i0047531bd13046b986557e31951e34f8_115), *Convertible Redeemable Preferred Stock and Stockholders' Equity*.

Restricted Cash

Restricted cash represents security deposits for subleased office space. As of December 31, 2022 and 2021, we had $0.4 million of restricted cash. Repayment of the Secured Term Note in 2021 resulted in the termination of the collateralization requirement thereunder, and no cash was restricted relating to the Secured Term Note as of December 31, 2022. We also transferred outstanding letters of credit totaling $3.4 million under the Revolving Credit Agreement, which further reduced our restricted cash balance as this facility does not require letters of credit to be cash collateralized.

***Operating Activities***

Our primary source of cash provided by operating activities is revenues generated from sales of our products and services. Our primary uses of cash from operating activities include personnel costs and costs related to data and infrastructure used to develop and maintain our products and services.

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Cash provided by operating activities is calculated by adjusting our net loss for changes in working capital, as well as by excluding non-cash items such as: depreciation, non-cash operating lease expense, amortization expense of finance leases and intangible assets, impairment of right-of-use assets and goodwill, stock-based compensation, deferred tax provision, change in the fair value of financing derivatives, warrants liability and equity securities, loss on extinguishment of debt, non-cash interest expense on the Notes, accretion of debt discount, and amortization of deferred financing costs.

Net cash provided by operating activities in 2022 was $34.9 million compared to $9.9 million in 2021. The increase in cash provided by operating activities was primarily reflective of higher revenues, shorter billing cycles, and improved cash collections during 2022 as compared to 2021. These increases were partially offset by payments of $4.6 million related to our organizational restructuring during 2022.

Net cash provided by operating activities in 2021 was $9.9 million compared to $0.7 million in 2020. The increase in cash provided by operating activities was primarily attributable to a decrease in the cash interest paid on the Notes in 2021 of $21.4 million compared to 2020 (interest of $10.8 million on the Notes was paid in shares of Common Stock in 2021). Offsetting the reduction in cash interest paid was a net decrease in operating assets and liabilities of $23.8 million for 2021 compared to $20.3 million for 2020. The decrease in operating assets and liabilities was primarily due to decreases in our accounts payable and accrued expense balances in 2021 as we paid invoices related to expenses incurred in prior periods.

***Investing Activities***

Cash used in investing activities primarily consists of payments related to capitalized internal-use software costs, purchases of computer and network equipment to support our technical infrastructure, and furniture and equipment. The extent of these investments will be affected by our ability to expand relationships with existing customers, grow our customer base and introduce new digital formats, as well as constraints on cash expenditures due to our financial position and the current economic environment.

Net cash used in investing activities in 2022 was $17.8 million compared to $14.6 million in 2021. The increase in cash used in investing activities was primarily due to an increase in cash paid for capitalized internally developed software offset by cash acquired from our 2021 acquisition of Shareablee.

Net cash used in investing activities in 2021 was $14.6 million compared to $15.6 million in 2020. The decrease in cash used in investing activities was primarily due to net cash received as part of the Shareablee acquisition in 2021.

***Financing Activities***

Net cash used in financing activities in 2022 was $18.1 million compared to $22.5 million in 2021. The decrease in cash used for financing activities was primarily due to repayment of the Notes and the Secured Term Note in 2021, which outflows were partially offset by cash proceeds received from the issuance of the Preferred Stock (net of related transaction costs) in the same year. These decreases were partially offset by a net increase of $10.8 million in cash dividends paid to holders of the Preferred Stock in 2022, reflecting a full annual dividend period, as compared to 2021, which included only a partial dividend period.

Net cash used in financing activities in 2021 was $22.5 million compared to $2.1 million in 2020. The increase in cash used in financing activities was primarily due to the repayment of the Notes and the Secured Term Note and payment of $4.8 million in cash dividends to the holders of the Preferred Stock in 2021. These increases in cash used were partially offset by cash proceeds of $204.0 million from the issuance of the Preferred Stock (net of $16.1 million in related transaction costs) and cash proceeds of $16.0 million from borrowing under the Revolving Credit Agreement.

***Contractual Payment Obligations***

We have certain long-term contractual arrangements that have fixed and determinable payment obligations including unconditional purchase obligations with MVPDs and connected (Smart) TV data providers, operating and financing leases, and data storage and bandwidth arrangements.

We have data licensing agreements with a number of MVPDs and other providers for set-top box and connected TV data. These agreements have remaining terms from one to eight years. As of December 31, 2022, the total fixed payment obligations related to set-top box and connected TV data agreements are $299.7 million and $8.3 million, respectively. In addition, we expect to make variable payments related to a set-top box data agreement totaling an estimated $8.8 million by the end of 2023.

We have both operating and financing leases related to corporate office space and equipment. Our leases have remaining terms from one to five years. As of December 31, 2022, the total fixed payment obligation related to these agreements is $50.0 million.

We have an agreement for cloud-based data storage and bandwidth to help process and store our data. The remaining term for this agreement is one year. As of December 31, 2022, the total fixed payment obligation related to this agreement is $9.6 million.

***Future Capital Requirements***

Our ability to generate cash is subject to our performance, general economic conditions, industry trends and other factors, including the timing of cash collections from our customers, data costs and other trade payables, service of our debt and lease facilities and dividend payment obligations, and expenses from ongoing compliance efforts and legal matters. To the extent that our existing cash, cash equivalents and

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operating cash flow, together with savings from repayment of the Notes and Secured Term Note and cost-reduction initiatives undertaken by our management, are insufficient to fund our future activities and requirements, we may need to raise additional funds through public or private equity or debt financing. We may also be required to raise additional funds in order to repay our Revolving Credit Agreement upon maturity or pay a special dividend to holders of our Preferred Stock, as described above. Our history of net losses, as well as disruption and volatility in global capital and credit markets, could impact our ability to access capital resources on terms acceptable to us or at all. If we issue additional equity securities in order to raise additional funds, pay dividends or for other purposes, further dilution to existing stockholders may occur.

**Critical Accounting Estimates**

Our discussion and analysis of our financial condition and results of operations are based on our Consolidated Financial Statements, which have been prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP"). The preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the amounts reported in our Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances.

The accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our financial condition and results of operations because they involve significant judgments and uncertainties. Actual results in these areas could differ from management's estimates. Refer to [Footnote 2](#i0047531bd13046b986557e31951e34f8_94), *Summary of Significant Accounting Policies* for further information on our most significant accounting policies.

***Revenue Recognition***

We recognize revenue under the core principle of depicting the transfer of promised goods and services to our customers in an amount that reflects the consideration to which we expect to be entitled. Significant judgments used in the determination of the amount and timing of our revenue recognition include the identification of distinct performance obligations and the allocation of contract consideration among individual performance obligations based on their relative standalone selling price ("SSP").

Performance obligations are identified by evaluating whether the promised goods and services are capable of being distinct and distinct within the context of the contract. We have a limited number of monetary contracts with MVPDs that involve both the purchase and sale of services with a single counterparty. Each contract is assessed to determine if the goods and services exchanged between the two parties represent distinct performance obligations which can entail significant judgment. The conclusion regarding whether goods and services exchanged are distinct determines whether consideration received from the counterparty is recognized as revenues (up to the SSP of the distinct goods or services), or as a reduction to the purchase price of the goods or services recorded in our cost of revenues.

The transaction price is allocated to each performance obligation based on its relative SSP. In most sales contracts, we bundle multiple products and very few are sold on a standalone basis. As a result, our SSP is not directly observable and we have to develop internal estimates using information that is reasonably available to us. Our SSP is primarily developed using an adjusted market approach supported by rate cards and pricing calculators that are periodically reviewed and updated to reflect the best available information. Bundled arrangements may include a combination of distinct goods and services where some are satisfied over time and others are satisfied at a point in time. Changes to the SSP will impact the amount of consideration allocated to each performance obligation, which could have an impact on the timing and amount of revenues recognized in future periods as our performance obligations are satisfied. The determination of SSP also impacts the amount of revenues we can recognize in transactions where consideration is exchanged with counterparties as described above.

***Goodwill***

The valuation of goodwill involves the use of management's estimates and assumptions and can have a significant impact on future operating results. Goodwill is not amortized but is evaluated for impairment at least annually, as of October 1, by comparing the fair value of a reporting unit to its carrying value including goodwill recorded by the reporting unit.

We have one reporting unit. As such, we perform the impairment assessment for goodwill at the enterprise level. Goodwill is reviewed for possible impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below the carrying value. In assessing the possibility that our reporting unit's fair value has been reduced below its carrying value due to the occurrence of events or circumstances between annual impairment testing dates, we consider all available evidence including, but not limited to: (i) the results of our impairment testing from the most recent testing date (in particular, the magnitude of the excess of fair value over carrying value observed), (ii) downward revisions to internal forecasts, if any, (iii) declines in market capitalization below book value (and the magnitude and duration of those declines), if any, and (iv) changes in general industry, market and macroeconomic conditions.

We determine the fair value of our reporting unit using a combination of the income and market approaches. The results from each of these approaches are weighted appropriately taking into account the relevance and availability of data at the time we perform the valuation.

Under the income approach, the fair value is determined using a discounted cash flow model based on projected financial performance and discount rates that take into account an appropriate risk-adjusted return. The discounted cash flow model requires the use of various assumptions in developing the present value of projected cash flows, the following of which are significant to our analysis:

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*Projected financial performance:* expected future cash flows and growth rates are based upon assumptions of our future revenue growth and operating costs. Actual results of operations and cash flows will likely differ from those utilized in our discounted cash flow analysis, and it is possible that those differences could be material.

*Long-term growth rate:* the long-term growth rate represents the rate at which our single reporting unit's earnings are expected to grow or losses to decrease. Our assumed long-term growth rate was based on projected long-term inflation and gross domestic product growth estimates for the countries in which we operate and a long-term growth estimate for our business and the industry in which we operate. The long-term growth rate selected for the 2022, 2021 and 2020 annual impairment analyses was 3.0%.

*Discount rate:* our reporting unit's future cash flows are discounted at a rate that is consistent with our average weighted cost of capital that is likely to be utilized by market participants. The weighted-average cost of capital is our estimate of the overall returns required by both debt and equity investors, weighted by their respective contributions of capital. We use discount rates that are commensurate with the risks and uncertainty inherent in our business and in our internally-developed forecasts. The discount rates selected for the 2022, 2021 and 2020 annual impairment analyses were 27.0%, 19.0% and 13.5%, respectively. Our selected discount rate was higher in 2022 primarily due to the increase in risk-free interest rates, cost of debt, unlevered beta assumptions, and company-specific risk premium ("CSRP"). The increase in CSRP was related to the utilization of higher growth rates in earnings before interest, taxes, depreciation, and amortization.

Under the market approach, the fair value is determined using certain financial metrics of publicly traded companies or historically completed transactions of comparable businesses. The selection of comparable businesses requires judgment and is based on the markets in which we operate giving consideration to, amongst other things, risk profiles, size and geography. The market approach may also be limited in instances where there is a lack of recently executed transactions of comparable businesses. We determine fair value primarily based on selected market multiples based on current and projected revenues compared to business enterprise value, with an estimated control premium as applicable.

As of September 30, 2022, we concluded that it was more likely than not that the estimated fair value of our reporting unit was less than its carrying value. In our assessment, we considered the decline in our stock price and market capitalization among other factors. We performed a quantitative goodwill impairment test in conjunction with the annual test using a discounted cash flow model, supported by a market approach. Our reporting unit did not pass the goodwill impairment test, and as a result we recorded a $46.3 million non-cash impairment charge.

Goodwill allocated to our single reporting unit as of December 31, 2022 was $388.0 million, including $19.2 million initially attributable to our acquisition of Shareablee in 2021. The projected long-term cash flows used in our fair value estimate are consistent with our most recent operating plan and are dependent on the successful execution of our business plan, overall industry growth rates and the competitive environment.

We monitor for events and circumstances that could negatively impact the key assumptions in determining the fair value of our goodwill, including long-term growth projections, profitability, discount rates, volatility in our market capitalization, and general industry, market and macroeconomic conditions. The judgments and estimates described above could change in future periods. If the reporting unit's future performance falls below our expectations, or if there are negative revisions to our fair value assumptions, including those that are significant and discussed above, we may need to record a material, non-cash goodwill impairment charge in a future period.

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| **ITEM 7A.** | | | ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*** | | |

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. As of December 31, 2022, we have outstanding warrants that are subject to market risk. We also have interest rate risk for amounts outstanding under our Revolving Credit Agreement, and foreign currency exchange rate risk from our global operations.

**Interest rate risk**

As of December 31, 2022, our borrowings, including letters of credit, under the Revolving Credit Agreement bore interest at a variable rate per annum equal to the Daily SOFR (as defined in the Revolving Credit Agreement) plus an applicable rate of 2.50%. On February 24, 2023, our interest rate increased to a variable rate per annum equal to the Daily SOFR plus an applicable rate of 3.50%.

As a result, we are subject to interest rate risk based on the Daily SOFR, and our interest obligation on outstanding borrowings will fluctuate with movements in the Daily SOFR. We are permitted to repay any amounts borrowed under the Revolving Credit Agreement prior to the maturity date without any premium or penalty other than customary breakage costs.

As of December 31, 2022, our exposure to interest rate risk calculated using the Daily SOFR was not material.

**Warrants liability financial instrument risk**

As a result of having $0.7 million in liability related to outstanding warrants as of December 31, 2022, which warrants are exercisable for shares of Common Stock under certain conditions, we are subject to market risk. The value of the warrants is impacted by changes in the market price of our Common Stock.

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As of December 31, 2022, a 10% increase in the market price of our Common Stock would result in a $0.2 million increase in the fair value of the Series A Warrants, while a 10% decrease in the market price of our Common Stock would result in a $0.2 million decrease in fair value of the Series A Warrants.

For further information on our outstanding warrants, refer to [Footnote 5](#i0047531bd13046b986557e31951e34f8_115), *Convertible Redeemable Preferred Stock and Stockholders' Equity*.

**Foreign currency risk**

We operate globally, and we predominantly generate revenues and expenses in local currencies. We operate in several countries in Europe, as well as countries throughout South America and Asia Pacific. As such, we have exposure to adverse changes in exchange rates associated with revenues and operating expenses of our foreign operations. We have not engaged in any transactions that hedge foreign currency exchange rate risk.

There can be no guarantee that exchange rates will remain constant in future periods. In addition to the impact from the U.S. Dollar to Euro exchange rate movements, we are also impacted by the movements in the exchange rates between the U.S. Dollar and various South American, Asia Pacific and other European currencies. We performed a sensitivity analysis, assuming a 10% decrease or increase in the value of foreign currencies in which we operate. We determined that a 10% decrease in value would have resulted in a decrease to our net loss of approximately $9.6 million and a 10% increase in value would have resulted in an increase to our net loss of approximately $5.2 million for the year ended December 31, 2022.

As of December 31, 2022, of our total $20.4 million in cash and cash equivalents, including restricted cash, $10.6 million was held by foreign subsidiaries. Of this amount, we believe $3.3 million could be subject to income tax withholding of 5% to 15% if the funds were repatriated to the U.S.

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| **ITEM 8.** | | | ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA*** | | |

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the stockholders and the Board of Directors of comScore, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of comScore, Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations and comprehensive loss, convertible redeemable preferred stock and stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

***Revenues – Certain Complex Contracts – Refer to Notes 2 and 4 to the financial statements***

*Critical Audit Matter Description*

The Company recognizes revenue under the core principle to depict the transfer of control to its customers in an amount reflecting the consideration to which it expects to be entitled. The Company's contracts with customers may include multiple promised goods and services. Contracts with multiple performance obligations typically consist of a mix of subscriptions to the Company's online database, customized data services, and delivery of periodic custom reports based on information obtained from the database. In such cases, the Company identifies performance obligations by evaluating whether the promised goods and services are capable of being distinct and distinct within the context of the contract at contract inception. Promised goods and services that are not distinct at contract inception are combined as one performance obligation.

Once the Company identifies the performance obligations, the Company will determine the transaction price based on contractually fixed amounts and an estimate of variable consideration. In general, the transaction price is determined by estimating the fixed amount of consideration to which the Company is entitled for transfer of goods and services and all relevant sources and components of variable consideration. Variable consideration is estimated based on the most likely amount or expected value approach, depending on which method the Company expects to better predict the amount of consideration to which it will be entitled. Once the Company elects one of the methods to estimate variable consideration for a particular type of performance obligation, the Company will apply that method consistently. Estimates of variable consideration are subject to constraint based on expected recovery from the customer.

The Company allocates the transaction price to each performance obligation based on relative standalone selling price ("SSP"). The Company recognizes revenue when (or as) it satisfies a performance obligation by transferring promised goods or services to a customer. Customers may obtain the control of promised goods or services over time or at a point in time.

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Given the complexity of certain of the Company's contracts, we concluded that revenue recognition from these contracts represents a critical audit matter because of the judgments necessary for management to identify performance obligations, determine the transaction price, allocate transaction price to the performance obligations and recognize revenue when performance obligations are satisfied. Performing audit procedures related to revenue recognition for these contracts required more extensive audit effort and a higher degree of auditor judgment.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to evaluating the significant estimates and judgments used by management in the determination of the accounting for certain more complex revenue contracts, including the identification of performance obligations, determination of the transaction price, allocation of the transaction price to the performance obligations and recognition of revenue when performance obligations are satisfied, included the following, among others:

•We tested the effectiveness of controls, including controls over the identification of performance obligations, determination of the transaction price, allocation of the transaction price, and determination of when performance obligations are satisfied.

•For a selection of revenue contracts identified as having more complex terms, we performed the following:

◦Analyzed the contract to determine if all arrangement terms that may have an impact on revenue recognition were identified and independently evaluated management's accounting for the contract.

◦Tested management's identification of distinct performance obligations by evaluating whether the underlying goods, services, or both were capable of being distinct and distinct within the context of the contract.

◦Tested the contract value allocation based on the Company's standalone selling price (SSP) through the performance of our revenue testing. We also evaluated the risks related to the Company's SSP determination.

◦Tested the timing of revenue recognition by evaluating whether revenue should be recognized over time or at a point in time, and whether the revenue was recognized in the appropriate period by examining evidence of delivery or access to support the timing of revenue recognition based on the product or service type.

◦Tested the mathematical accuracy of management's calculation of revenue.

***Goodwill – Goodwill Impairment Analysis – Refer to Notes 2 and 10 to the financial statements***

*Critical Audit Matter Description*

Goodwill is evaluated for impairment at least annually, as of October 1, by comparing the fair value of a reporting unit to its carrying value including goodwill. The Company has a single reporting unit. Accordingly, the impairment assessment for goodwill is performed at the enterprise level. Goodwill is reviewed for possible impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying value. The carrying value of the reporting unit is reviewed utilizing a combination of the discounted cash flow model and a market value approach. The estimated fair value of a reporting unit is determined based on assumptions regarding estimated future cash flows, discount rate, long-term growth rates and market values.

The Company monitors for events and circumstances that could negatively impact the key assumptions in determining fair value, including long-term growth rates, profitability, discount rates, volatility in the Company's market capitalization, general industry, and market and macro-economic conditions.

As of September 30, 2022, the Company concluded that it was more likely than not that the estimated fair value of its reporting unit was less than its carrying value. Accordingly, in conjunction with its annual test as of October 1, 2022, the Company completed its assessment, and concluded that it was more likely than not that the estimated fair value of its reporting unit was less than its carrying value. In its assessment, the Company considered the decline in the Company's stock price and market capitalization among other factors. The Company performed a quantitative goodwill impairment test using a discounted cash flow model, supported by a market approach. The Company's reporting unit did not pass the goodwill impairment test, and as a result the Company recorded a $46.3 million non-cash impairment charge during the three months ended September 30, 2022 and year ended December 31, 2022.

We identified goodwill for the Company as a critical audit matter because of the significant judgments made by management to estimate the fair value of the reporting unit, specifically related to the selection of the discount rate and forecasts of future revenue. Performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to selection of the discount rate and forecasts of future revenue required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the forecasts of future revenue and the selection of the discount rate for the Company's goodwill impairment included the following, among others:

•We tested the effectiveness of controls over management's goodwill impairment evaluations, including those over the forecasts of future revenue and management's selection of the discount rate.

•We evaluated whether the internal specialists used by the Company to perform the goodwill valuation analysis had the necessary competence, capabilities, and objectivity.

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•We evaluated management's ability to accurately forecast revenue by comparing the actual results to management's historical projections.

•We sensitized management projections to determine areas of audit focus.

•We evaluated the reasonableness of management's forecasted revenue by comparing the forecasts to:

◦Historical revenue growth.

◦Historical industry revenue growth rates and revenue growth rates of peer group companies.

◦Economic forecasts considering the impact of macro-economic conditions.

◦Internal communications to management and the Board of Directors.

◦Forecasted information included in analyst and industry reports for the Company and certain of its peer group.

◦Public information related to addressable market opportunities.

◦Corroborative inquiries with management regarding the projected revenue growth.

•With the assistance of our fair value specialists, we evaluated the reasonableness of the (1) valuation methodology and (2) discount rate by:

◦Testing the source information underlying the determination of the discount rate and the mathematical accuracy of the calculation.

◦Developing a range of independent estimates and comparing those to the discount rate selected by management.

•We evaluated the impact of changes in management's revenue forecasts from the October 1, 2022 annual measurement date to December 31, 2022.

/s/ Deloitte & Touche LLP

McLean, Virginia

March 1, 2023

We have served as the Company's auditor since 2017.

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**COMSCORE, INC.**

**CONSOLIDATED BALANCE SHEETS**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **As of December 31,** | | | | | | | | |
| *(In thousands, except share and per share data)* | | | **2022** | | |  | | | **2021** | | |
| **Assets** | | |  | | |  | | |  | | |
| Current assets: | | |  | | |  | | |  | | |
| Cash and cash equivalents | | | $ | 20,044 |  |  | | | $ | 21,854 |  |
| Restricted cash | | | 398 | |  |  | | | 425 | |  |
| Accounts receivable, net of allowances of $798 and $1,173, respectively ($1,034 and $3,606 of accounts receivable attributable to related parties, respectively) | | | 68,457 | |  |  | | | 72,059 | |  |
| Prepaid expenses and other current assets | | | 15,922 | |  |  | | | 14,769 | |  |
| Total current assets | | | 104,821 | |  |  | | | 109,107 | |  |
| Property and equipment, net | | | 36,367 | |  |  | | | 36,451 | |  |
| Operating right-of-use assets | | | 23,864 | |  |  | | | 29,186 | |  |
| Deferred tax assets | | | 3,351 | |  |  | | | 2,811 | |  |
| Intangible assets, net | | | 13,327 | |  |  | | | 39,945 | |  |
| Goodwill | | | 387,973 | |  |  | | | 435,711 | |  |
| Other non-current assets | | | 10,883 | |  |  | | | 10,263 | |  |
| Total assets | | | $ | 580,586 |  |  | | | $ | 663,474 |  |
| **Liabilities, Convertible Redeemable Preferred Stock and Stockholders' Equity** | | |  | | |  | | |  | | |
| Current liabilities: | | |  | | |  | | |  | | |
| Accounts payable ($12,090 and $6,575 attributable to related parties, respectively) | | | $ | 29,090 |  |  | | | $ | 23,575 |  |
| Accrued expenses ($4,297 and $4,122 attributable to related parties, respectively) | | | 43,393 | |  |  | | | 45,264 | |  |
| Contract liabilities ($1,341 and $3,553 attributable to related parties, respectively) | | | 52,944 | |  |  | | | 54,011 | |  |
| Customer advances | | | 11,527 | |  |  | | | 11,613 | |  |
| Current operating lease liabilities | | | 7,639 | |  |  | | | 7,538 | |  |
| Warrants liability | | | 718 | |  |  | | | 10,520 | |  |
| Current portion of contingent consideration | | | 7,134 | |  |  | | | 1,037 | |  |
|  | | |  | | |  | | |  | | |
| Other current liabilities ($7,863 and $7,863 attributable to related parties, respectively) | | | 12,646 | |  |  | | | 11,813 | |  |
| Total current liabilities | | | 165,091 | |  |  | | | 165,371 | |  |
| Non-current operating lease liabilities | | | 29,588 | |  |  | | | 36,055 | |  |
| Non-current portion of accrued data costs ($15,471 and $7,843 attributable to related parties, respectively) | | | 25,106 | |  |  | | | 16,005 | |  |
| Revolving line of credit | | | 16,000 | |  |  | | | 16,000 | |  |
| Deferred tax liabilities | | | 2,127 | |  |  | | | 2,103 | |  |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| Other non-current liabilities ($159 and $1,582 attributable to related parties, respectively) | | | 10,627 | |  |  | | | 16,879 | |  |
| Total liabilities | | | 248,539 | |  |  | | | 252,413 | |  |
| Commitments and contingencies | | |  | | |  | | |  | | |
| Convertible redeemable preferred stock, $0.001 par value; 82,527,609 shares authorized, issued and outstanding as of December 31, 2022 and 2021; aggregate liquidation preference of $211,863 as of December 31, 2022 and 2021 (related parties) | | | 187,885 | |  |  | | | 187,885 | |  |
| Stockholders' equity: | | |  | | |  | | |  | | |
| Preferred stock, $0.001 par value; 7,472,391 shares authorized as of December 31, 2022 and 2021; no shares issued or outstanding as of December 31, 2022 or 2021 | | | — | |  |  | | | — | |  |
| Common stock, $0.001 par value; 275,000,000 shares authorized as of December 31, 2022 and 2021; 98,869,738 shares issued and 92,104,942 shares outstanding as of December 31, 2022, and 97,172,086 shares issued and 90,407,290 shares outstanding as of December 31, 2021 | | | 92 | |  |  | | | 90 | |  |
| Additional paid-in capital | | | 1,690,783 | |  |  | | | 1,683,883 | |  |
| Accumulated other comprehensive loss | | | (15,940) | |  |  | | | (12,098) | |  |
| Accumulated deficit | | | (1,300,789) | |  |  | | | (1,218,715) | |  |
| Treasury stock, at cost, 6,764,796 shares as of December 31, 2022 and 2021 | | | (229,984) | |  |  | | | (229,984) | |  |
| Total stockholders' equity | | | 144,162 | |  |  | | | 223,176 | |  |
| Total liabilities, convertible redeemable preferred stock and stockholders' equity | | | $ | 580,586 |  |  | | | $ | 663,474 |  |

See accompanying Notes to Consolidated Financial Statements.

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**COMSCORE, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
| *(In thousands, except share and per share data)* | | |  | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| Revenues (2) | | |  | | | $ | 376,423 |  |  | | | $ | 367,013 |  |  | | | $ | 356,036 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Cost of revenues(1) (2) (3) | | |  | | | 205,294 | |  |  | | | 203,044 | |  |  | | | 180,712 | |  |
| Selling and marketing (1) (3) | | |  | | | 68,453 | |  |  | | | 66,937 | |  |  | | | 70,220 | |  |
| Research and development(1) (3) | | |  | | | 36,987 | |  |  | | | 39,123 | |  |  | | | 38,706 | |  |
| General and administrative(1) (3) | | |  | | | 61,200 | |  |  | | | 61,736 | |  |  | | | 55,783 | |  |
| Amortization of intangible assets | | |  | | | 27,096 | |  |  | | | 25,038 | |  |  | | | 27,219 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Impairment of goodwill | | |  | | | 46,300 | |  |  | | | — | |  |  | | | — | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Restructuring | | |  | | | 5,810 | |  |  | | | — | |  |  | | | — | |  |
| Impairment of right-of-use and long-lived assets | | |  | | | 156 | |  |  | | | — | |  |  | | | 4,671 | |  |
| Total expenses from operations | | |  | | | 451,296 | |  |  | | | 395,878 | |  |  | | | 377,311 | |  |
| Loss from operations | | |  | | | (74,873) | |  |  | | | (28,865) | |  |  | | | (21,275) | |  |
| Loss on extinguishment of debt (2) | | |  | | | — | |  |  | | | (9,629) | |  |  | | | — | |  |
| Interest expense, net(2) | | |  | | | (915) | |  |  | | | (7,801) | |  |  | | | (35,805) | |  |
| Other income (expense), net | | |  | | | 9,785 | |  |  | | | (5,778) | |  |  | | | 14,554 | |  |
| Gain (loss) from foreign currency transactions | | |  | | | 1,166 | |  |  | | | 2,895 | |  |  | | | (4,490) | |  |
| Loss before income taxes | | |  | | | (64,837) | |  |  | | | (49,178) | |  |  | | | (47,016) | |  |
| Income tax provision | | |  | | | (1,724) | |  |  | | | (859) | |  |  | | | (902) | |  |
| Net loss | | |  | | | $ | (66,561) |  |  | | | $ | (50,037) |  |  | | | $ | (47,918) |  |
| Net loss available to common stockholders | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Net loss | | |  | | | $ | (66,561) |  |  | | | $ | (50,037) |  |  | | | $ | (47,918) |  |
| Convertible redeemable preferred stock dividends (2) | | |  | | | (15,513) | |  |  | | | (12,623) | |  |  | | | — | |  |
| Total net loss available to common stockholders | | |  | | | $ | (82,074) |  |  | | | $ | (62,660) |  |  | | | $ | (47,918) |  |
| Net loss per common share: | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Basic and diluted | | |  | | | $ | (0.89) |  |  | | | $ | (0.78) |  |  | | | $ | (0.67) |  |
| Weighted-average number of shares used in per share calculation - Common Stock: | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Basic and diluted | | |  | | | 92,683,564 | |  |  | | | 80,802,053 | |  |  | | | 71,181,496 | |  |
| Comprehensive loss: | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Net loss | | |  | | | $ | (66,561) |  |  | | | $ | (50,037) |  |  | | | $ | (47,918) |  |
| Other comprehensive (loss) income: | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Foreign currency cumulative translation adjustment | | |  | | | (3,842) | |  |  | | | (5,068) | |  |  | | | 5,303 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Total comprehensive loss | | |  | | | $ | (70,403) |  |  | | | $ | (55,105) |  |  | | | $ | (42,615) |  |

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

(2) Transactions with related parties are included in the line items above as follows (refer to [Footnote 14](#i0047531bd13046b986557e31951e34f8_157), *Related Party Transactions*, for further information):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
|  | | |  | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| Revenues | | |  | | | $ | 14,934 |  |  | | | $ | 16,285 |  |  | | | $ | 13,314 |  |
| Cost of revenues | | |  | | | 26,971 | |  |  | | | 34,534 | |  |  | | | 10,094 | |  |
| Interest expense, net | | |  | | | — | |  |  | | | (4,692) | |  |  | | | (24,480) | |  |
| Loss on extinguishment of debt | | |  | | | — | |  |  | | | (9,608) | |  |  | | | — | |  |
| Convertible redeemable preferred stock dividends | | |  | | | (15,513) | |  |  | | | (12,623) | |  |  | | | — | |  |
|  | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
|  | | |  | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| Cost of revenues | | |  | | | $ | 1,144 |  |  | | | $ | 1,603 |  |  | | | $ | 1,288 |  |
| Selling and marketing | | |  | | | 1,021 | |  |  | | | 1,791 | |  |  | | | 2,226 | |  |
| Research and development | | |  | | | 827 | |  |  | | | 1,079 | |  |  | | | 886 | |  |
| General and administrative | | |  | | | 5,186 | |  |  | | | 9,375 | |  |  | | | 5,673 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Total stock-based compensation expense | | |  | | | $ | 8,178 |  |  | | | $ | 13,848 |  |  | | | $ | 10,073 |  |
|  | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

See accompanying Notes to Consolidated Financial Statements.

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**COMSCORE, INC.**

**CONSOLIDATED STATEMENT OF CHANGES IN CONVERTIBLE REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *(In thousands, except share data)* | | | **Convertible Redeemable Preferred Stock** | | | | | | | | |  |  | | | **Common Stock** | | | | | | | | |  | | | **Additional Paid-In Capital** | | |  | | | **Accumulated Other Comprehensive Loss** | | |  | | | **Accumulated Deficit** | | |  | | | **Treasury stock, at cost** | | |  | | | **Total Stockholders' Equity** | | |  |  |  |
| **Shares** | | |  | | | **Amount** | | |  |  | | |  | | | **Shares** | | |  | | | **Amount** | | |  | | |
|  | | |  | | |  | | |  | | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Balance as of December 31, 2019** | | | **—** | |  |  | | | **$** | **—** |  |  |  | | |  | | | **70,065,130** | |  |  | | | **$** | **70** |  |  | | | **$** | **1,609,358** |  |  | | | **$** | **(12,333)** |  |  | | | **$** | **(1,108,137)** |  |  | | | **$** | **(229,984)** |  |  | | | **$** | **258,974** |  |
|  | | |  | | |  | | |  | | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Net loss | | | **—** | |  |  | | | — | |  |  |  | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | (47,918) | |  |  | | | — | |  |  | | | (47,918) | |  |
| Foreign currency translation adjustment | | | — | |  |  | | | — | |  |  |  | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 5,303 | |  |  | | | — | |  |  | | | — | |  |  | | | 5,303 | |  |
|  | | |  | | |  | | |  | | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Exercise of Common Stock options, net | | | — | |  |  | | | — | |  |  |  | | |  | | | 75,000 | |  |  | | | — | |  |  | | | 143 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 143 | |  |
|  | | |  | | |  | | |  | | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Interest paid in Common Stock (1) | | | — | |  |  | | | — | |  |  |  | | |  | | | 1,474,201 | |  |  | | | 2 | |  |  | | | 3,058 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 3,060 | |  |
| Restricted stock units distributed | | | — | |  |  | | | — | |  |  |  | | |  | | | 1,363,152 | |  |  | | | 1 | |  |  | | | 3,064 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 3,065 | |  |
| Payments for taxes related to net share settlement of equity awards | | | — | |  |  | | | — | |  |  |  | | |  | | | (38,937) | |  |  | | | — | |  |  | | | (117) | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | (117) | |  |
| Amortization of stock-based compensation | | | — | |  |  | | | — | |  |  |  | | |  | | | — | |  |  | | | — | |  |  | | | 6,480 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 6,480 | |  |
| **Balance as of December 31, 2020** | | | **—** | |  |  | | | **$** | **—** |  |  |  | | |  | | | **72,938,546** | |  |  | | | **$** | **73** |  |  | | | **$** | **1,621,986** |  |  | | | **$** | **(7,030)** |  |  | | | **$** | **(1,156,055)** |  |  | | | **$** | **(229,984)** |  |  | | | **$** | **228,990** |  |
| Net loss | | | — | |  |  | | | — | |  |  |  | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | (50,037) | |  |  | | | — | |  |  | | | (50,037) | |  |
| Convertible redeemable preferred stock, net of issuance costs (1) | | | 82,527,609 | |  |  | | | 187,885 | |  |  |  | | |  | | | **—** | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | — | |  |  | | | — | |  |  | | | **—** | |  |  | | | — | |  |
|  | | |  | | |  | | |  | | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Fair value of Common Stock issued in connection with acquisition | | | **—** | |  |  | | | **—** | |  |  |  | | |  | | | 7,945,519 | |  |  | | | 8 | |  |  | | | 25,766 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 25,774 | |  |
| Conversion shares issued as extinguishment cost on senior secured convertible notes (1) | | | **—** | |  |  | | | **—** | |  |  |  | | |  | | | 3,150,000 | |  |  | | | 3 | |  |  | | | 9,605 | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | 9,608 | |  |
| Interest paid in Common Stock (1) | | | — | |  |  | | | — | |  |  |  | | |  | | | 4,165,781 | |  |  | | | 4 | |  |  | | | 10,808 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 10,812 | |  |
| Convertible redeemable preferred stock dividends (1) | | | **—** | |  |  | | | **—** | |  |  |  | | |  | | | **—** | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | (12,623) | |  |  | | | **—** | |  |  | | | (12,623) | |  |
| Restricted stock units distributed | | | — | |  |  | | | — | |  |  |  | | |  | | | 2,362,963 | |  |  | | | 2 | |  |  | | | 7,117 | |  |  | | | — | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | 7,119 | |  |
| Foreign currency translation adjustment | | | — | |  |  | | | — | |  |  |  | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | (5,068) | |  |  | | | — | |  |  | | | — | |  |  | | | (5,068) | |  |
| Payments for taxes related to net share settlement of equity awards | | | — | |  |  | | | — | |  |  |  | | |  | | | (155,519) | |  |  | | | **—** | |  |  | | | (522) | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | (522) | |  |
| Amortization of stock-based compensation | | | — | |  |  | | | — | |  |  |  | | |  | | | — | |  |  | | | — | |  |  | | | 9,123 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 9,123 | |  |
| **Balance as of December 31, 2021** | | | **82,527,609** | |  |  | | | **$** | **187,885** |  |  |  | | |  | | | **90,407,290** | |  |  | | | **$** | **90** |  |  | | | **$** | **1,683,883** |  |  | | | **$** | **(12,098)** |  |  | | | **$** | **(1,218,715)** |  |  | | | **$** | **(229,984)** |  |  | | | **$** | **223,176** |  |
| Net loss | | | **—** | |  |  | | | **—** | |  |  |  | | |  | | | **—** | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | (66,561) | |  |  | | | **—** | |  |  | | | (66,561) | |  |
|  | | |  | | |  | | |  | | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Convertible redeemable preferred stock dividends (1) | | | **—** | |  |  | | | **—** | |  |  |  | | |  | | | **—** | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | (15,513) | |  |  | | | **—** | |  |  | | | (15,513) | |  |
| Restricted stock units distributed | | | **—** | |  |  | | | **—** | |  |  |  | | |  | | | 1,493,121 | |  |  | | | 1 | |  |  | | | 1,717 | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | 1,718 | |  |
| Exercise of Common Stock options, net | | | **—** | |  |  | | | **—** | |  |  |  | | |  | | | 96,955 | |  |  | | | 1 | |  |  | | | 103 | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | 104 | |  |
|  | | |  | | |  | | |  | | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
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| Payments for taxes related to net share settlement of equity awards | | | **—** | |  |  | | | **—** | |  |  |  | | |  | | | (13,120) | |  |  | | | **—** | |  |  | | | (23) | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | (23) | |  |
|  | | |  | | |  | | |  | | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Amortization of stock-based compensation | | | **—** | |  |  | | | **—** | |  |  |  | | |  | | | **—** | |  |  | | | **—** | |  |  | | | 5,106 | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | 5,106 | |  |
| Other | | | **—** | |  |  | | | **—** | |  |  |  | | |  | | | 120,696 | |  |  | | | — | |  |  | | | (3) | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | (3) | |  |
| Foreign currency translation adjustment | | | **—** | |  |  | | | **—** | |  |  |  | | |  | | | **—** | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | (3,842) | |  |  | | | **—** | |  |  | | | **—** | |  |  | | | (3,842) | |  |
|  | | |  | | |  | | |  | | |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Balance as of December 31, 2022** | | | **82,527,609** | |  |  | | | **$** | **187,885** |  |  |  | | |  | | | **92,104,942** | |  |  | | | **$** | **92** |  |  | | | **$** | **1,690,783** |  |  | | | **$** | **(15,940)** |  |  | | | **$** | **(1,300,789)** |  |  | | | **$** | **(229,984)** |  |  | | | **$** | **144,162** |  |

(1) Transactions for these line items were exclusively with related parties (refer to [Footnote 5](#i0047531bd13046b986557e31951e34f8_115), *Convertible Redeemable Preferred Stock and Stockholders' Equity*, [Footnote 6](#i0047531bd13046b986557e31951e34f8_124), *Debt*, and [Footnote 14](#i0047531bd13046b986557e31951e34f8_157), *Related Party Transactions*, of the Notes to Consolidated Financial Statements for additional information). Gross proceeds from related parties for the issuance of convertible redeemable preferred stock were $204.0 million.

See accompanying Notes to Consolidated Financial Statements.

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**COMSCORE, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
| *(In thousands)* | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| **Operating activities**: | | |  | | |  | | |  | | |  | | |  | | |
| Net loss | | | $ | (66,561) |  |  | | | $ | (50,037) |  |  | | | $ | (47,918) |  |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |  | | |  | | |  | | |  | | |  | | |
| Impairment of goodwill | | | 46,300 | |  |  | | | — | |  |  | | | — | |  |
| Amortization of intangible assets | | | 27,096 | |  |  | | | 25,038 | |  |  | | | 27,219 | |  |
| Depreciation | | | 16,828 | |  |  | | | 15,793 | |  |  | | | 14,064 | |  |
| Stock-based compensation expense | | | 8,178 | |  |  | | | 13,848 | |  |  | | | 10,073 | |  |
| Non-cash operating lease expense | | | 6,060 | |  |  | | | 5,345 | |  |  | | | 5,555 | |  |
| Change in fair value of contingent consideration liability | | | 2,558 | |  |  | | | — | |  |  | | | — | |  |
| Amortization expense of finance leases | | | 2,364 | |  |  | | | 2,188 | |  |  | | | 1,652 | |  |
| Bad debt expense (benefit) | | | 312 | |  |  | | | (80) | |  |  | | | 1,693 | |  |
| Amortization of deferred financing costs | | | 163 | |  |  | | | 378 | |  |  | | | 1,560 | |  |
| Impairment of right-of-use and long-lived assets | | | 156 | |  |  | | | — | |  |  | | | 4,671 | |  |
| Deferred tax (benefit) provision | | | (475) | |  |  | | | (1,719) | |  |  | | | 10 | |  |
| Change in fair value of warrant liability | | | (9,802) | |  |  | | | 7,689 | |  |  | | | (4,894) | |  |
| Loss on extinguishment of debt | | | — | |  |  | | | 9,629 | |  |  | | | — | |  |
| Non-cash interest expense on senior secured convertible notes (1) | | | — | |  |  | | | 4,692 | |  |  | | | 9,180 | |  |
| Accretion of debt discount | | | — | |  |  | | | 1,620 | |  |  | | | 7,571 | |  |
| Change in fair value of financing derivatives | | | — | |  |  | | | (1,800) | |  |  | | | (10,287) | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |
| Other | | | 1,435 | |  |  | | | 1,082 | |  |  | | | 908 | |  |
| Changes in operating assets and liabilities, net of effect of acquisition: | | |  | | |  | | |  | | |  | | |  | | |
| Accounts receivable | | | 2,596 | |  |  | | | (2,081) | |  |  | | | 2,024 | |  |
| Prepaid expenses and other assets | | | (805) | |  |  | | | (1,145) | |  |  | | | (6,283) | |  |
| Accounts payable, accrued expenses, and other liabilities | | | 7,396 | |  |  | | | (4,210) | |  |  | | | (17,095) | |  |
| Contract liability and customer advances | | | (1,587) | |  |  | | | (10,777) | |  |  | | | 7,341 | |  |
| Operating lease liabilities | | | (7,275) | |  |  | | | (5,597) | |  |  | | | (6,327) | |  |
| Net cash provided by operating activities | | | 34,937 | |  |  | | | 9,856 | |  |  | | | 717 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
| **Investing activities**: | | |  | | |  | | |  | | |  | | |  | | |
| Capitalized internal-use software costs | | | (16,685) | |  |  | | | (14,747) | |  |  | | | (15,078) | |  |
| Purchases of property and equipment | | | (1,137) | |  |  | | | (803) | |  |  | | | (477) | |  |
| Cash and restricted cash acquired from acquisition | | | — | |  |  | | | 902 | |  |  | | | — | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
| Net cash used in investing activities | | | (17,822) | |  |  | | | (14,648) | |  |  | | | (15,555) | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
| **Financing activities**: | | |  | | |  | | |  | | |  | | |  | | |
| Payments for dividends on convertible redeemable preferred stock (1) | | | (15,512) | |  |  | | | (4,760) | |  |  | | | — | |  |
| Principal payments on finance leases | | | (2,519) | |  |  | | | (2,138) | |  |  | | | (1,754) | |  |
| Principal payment and extinguishment costs on senior secured convertible notes (1) | | | — | |  |  | | | (204,014) | |  |  | | | — | |  |
| Principal payment and extinguishment costs on secured term note | | | — | |  |  | | | (14,031) | |  |  | | | — | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
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| Proceeds from borrowings on revolving line of credit | | | — | |  |  | | | 16,000 | |  |  | | | — | |  |
| Proceeds from issuance of convertible redeemable preferred stock, net of issuance costs (1) | | | — | |  |  | | | 187,885 | |  |  | | | — | |  |
| Other | | | (101) | |  |  | | | (1,394) | |  |  | | | (342) | |  |
| Net cash used in financing activities | | | (18,132) | |  |  | | | (22,452) | |  |  | | | (2,096) | |  |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | | | (820) | |  |  | | | (1,218) | |  |  | | | 902 | |  |
| Net decrease in cash, cash equivalents and restricted cash | | | (1,837) | |  |  | | | (28,462) | |  |  | | | (16,032) | |  |
| Cash, cash equivalents and restricted cash at beginning of period | | | 22,279 | |  |  | | | 50,741 | |  |  | | | 66,773 | |  |
| Cash, cash equivalents and restricted cash at end of period | | | $ | 20,442 |  |  | | | $ | 22,279 |  |  | | | $ | 50,741 |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **As of December 31,** | | | | | | | | | | | | | | |
|  | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| Cash and cash equivalents | | | $ | 20,044 |  |  | | | $ | 21,854 |  |  | | | $ | 31,126 |  |
| Restricted cash | | | 398 | |  |  | | | 425 | |  |  | | | 19,615 | |  |
| Total cash, cash equivalents and restricted cash | | | $ | 20,442 |  |  | | | $ | 22,279 |  |  | | | $ | 50,741 |  |

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|  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| **Supplemental cash flow disclosures**: | | |  | | |  | | |  | | |  | | |  | | |
| Interest paid ($—, $— and $21,420 in 2022, 2021, and 2020 attributable to related party, respectively) | | | $ | 652 |  |  | | | $ | 1,009 |  |  | | | $ | 23,792 |  |
| Income taxes paid, net of refunds | | | 1,804 | |  |  | | | 1,831 | |  |  | | | 1,182 | |  |
| Operating cash flows from operating leases | | | 10,364 | |  |  | | | 9,623 | |  |  | | | 11,170 | |  |
| Operating cash flows from finance leases | | | 338 | |  |  | | | 440 | |  |  | | | 493 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
| **Supplemental non-cash activities**: | | |  | | |  | | |  | | |  | | |  | | |
| Convertible redeemable preferred stock dividends accrued but not yet paid (1) | | | 7,863 | |  |  | | | 7,863 | |  |  | | | — | |  |
| Settlement of restricted stock unit liability | | | 1,718 | |  |  | | | 7,117 | |  |  | | | 3,065 | |  |
| Change in accounts payable and accrued expenses related to capital expenditures | | | 1,162 | |  |  | | | 479 | |  |  | | | 395 | |  |
| Right-of-use assets obtained in exchange for finance lease liabilities | | | 1,106 | |  |  | | | 3,345 | |  |  | | | 754 | |  |
| Right-of-use assets obtained in exchange for new operating lease liabilities | | | 908 | |  |  | | | 5,211 | |  |  | | | 669 | |  |
| Fair value of Common Stock issued in connection with acquisition | | | — | |  |  | | | 25,774 | |  |  | | | — | |  |
| Interest paid in Common Stock (1) | | | — | |  |  | | | 10,812 | |  |  | | | — | |  |
| Conversion shares issued as extinguishment cost on senior secured convertible notes (1) | | | — | |  |  | | | 9,608 | |  |  | | | — | |  |
| Fair value of contingent consideration recognized upon closing of acquisition | | | — | |  |  | | | 5,600 | |  |  | | | — | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
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(1) Transactions for these line items were exclusively with related parties (refer to [Footnote 5](#i0047531bd13046b986557e31951e34f8_115), *Convertible Redeemable Preferred Stock and Stockholders' Equity*, [Footnote 6](#i0047531bd13046b986557e31951e34f8_124), *Debt*, and [Footnote 14](#i0047531bd13046b986557e31951e34f8_157), *Related Party Transactions*, of the Notes to Consolidated Financial Statements for additional information). Gross proceeds from related parties for the issuance of convertible redeemable preferred stock were $204.0 million.

See accompanying Notes to Consolidated Financial Statements.

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**COMSCORE, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1.Organization**

comScore, Inc., together with its consolidated subsidiaries (collectively, "Comscore" or the "Company"), headquartered in Reston, Virginia, is a global information and analytics company that measures audiences, consumer behavior and advertising across media platforms. On December 16, 2021, the Company and two newly formed, wholly owned subsidiaries of the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Shareablee, Inc. ("Shareablee"), to acquire Shareablee in exchange for shares of the Company's Common Stock and contingent consideration payable subject to the achievement of certain conditions set forth in the Merger Agreement. Refer to [Footnote 3](#i0047531bd13046b986557e31951e34f8_103), *Business Combination.*

Operating segments are defined as components of a business that can earn revenues and incur expenses for which discrete financial information is available that is evaluated on a regular basis by the chief operating decision maker ("CODM"). The Company's CODM is its Chief Executive Officer, who decides how to allocate resources and assess performance. The Company has one operating segment. A single management team reports to the CODM, who manages the entire business. The Company's CODM reviews consolidated results of operations to make decisions, allocate resources and assess performance and does not evaluate the profit or loss from any separate geography or product line.

**2.Summary of Significant Accounting Policies**

***Basis of Presentation and Consolidation***

The accompanying Consolidated Financial Statements include the accounts of the Company and its wholly-owned domestic and foreign subsidiaries. All intercompany transactions and balances are eliminated upon consolidation.

***Reclassification***

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. Specifically, principal payments on capital lease and software license arrangements, payments for taxes related to net share settlement of equity awards, and proceeds from the exercise of stock options have been aggregated within other financing activities on the Consolidated Statements of Cash Flows.

***Use of Estimates and Judgments in the Preparation of the Consolidated Financial Statements***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expense during the reporting periods. Significant estimates and judgments are inherent in the analysis and the measurement of management's SSP, principal versus agent revenue recognition, determination of performance obligations, determination of transaction price, including the determination of variable consideration and allocation of transaction price to performance obligations, deferred tax assets and liabilities, including the identification and quantification of income tax liabilities due to uncertain tax positions, the valuation and recoverability of goodwill, intangible and other long-lived assets, the determination of appropriate discount rates for lease accounting, the probability of exercising either lease renewal or termination clauses, the assessment of potential loss from contingencies, the fair value determination of contingent consideration from business combinations, financing-related liabilities and warrants, and the valuation of options, performance-based and market-based stock awards. Management bases its estimates and assumptions on historical experience and on various other factors that are believed to be reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be affected by changes in those estimates. The Company evaluates its estimates and assumptions on an ongoing basis.

***Fair Value Measurements***

The Company evaluates the fair value of certain assets and liabilities using the fair value hierarchy. Fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Company applies the three-tier GAAP value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1 - observable inputs such as quoted prices in active markets;

Level 2 - inputs other than the quoted prices in active markets that are observable either directly or indirectly;

Level 3 - unobservable inputs of which there is little or no market data, which require the Company to develop its own assumptions.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measure. The Company's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

Assets that are measured at fair value on a non-recurring basis include property and equipment, operating right-of-use assets, intangible assets and goodwill. The Company measures these items at fair value when they are considered to be impaired or, in certain cases, upon initial

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recognition. The fair value of these assets are determined with valuation techniques using the best information available and may include market comparable information, discounted cash flow models, or a combination thereof.

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued expenses, and the current portion of contract liabilities and customer advances reported in the Consolidated Balance Sheets approximate fair value due to the short-term nature of these instruments. The carrying amount of the revolving line of credit approximates fair value due to the variable rate nature of the debt.

***Preferred Stock***

In 2021, the Company entered into separate Securities Purchase Agreements with each of Charter Communications Holding Company, LLC ("Charter"), Qurate Retail, Inc. ("Qurate") and Pine Investor, LLC ("Pine") (the "Securities Purchase Agreements") for the issuance and sale of shares of Series B Convertible Preferred Stock, par value $0.001 ("Preferred Stock") as described in [Footnote 5](#i0047531bd13046b986557e31951e34f8_115), *Convertible Redeemable Preferred Stock and Stockholders' Equity*. The issuance of the Preferred Stock pursuant to the Securities Purchase Agreements (the "Transactions") and related matters were approved by the Company's stockholders on March 9, 2021 and completed on March 10, 2021.

The Preferred Stock is contingently redeemable upon certain deemed liquidation events, such as a change in control. Because a deemed liquidation event could constitute a redemption event outside of the Company's control, all shares of Preferred Stock have been presented outside of permanent equity in mezzanine equity on the Consolidated Balance Sheets. The instrument is initially recognized at fair value net of issuance costs. The Company reassesses whether the Preferred Stock is currently redeemable, or probable to become redeemable in the future, as of each reporting date. If the instrument meets either of these criteria, the Company will accrete the carrying value to the redemption value. The Preferred Stock has not been adjusted to its redemption amount as of December 31, 2022 because a deemed liquidation event is not considered probable.

All financial instruments that are classified as mezzanine equity are evaluated for embedded derivative features by evaluating each feature against the nature of the host instrument (for example, more equity-like or debt-like). Features identified as embedded derivatives that are material are recognized separately as a derivative asset or liability in the financial statements.

Effective January 1, 2021, the Company early adopted Accounting Standards Update ("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). This ASU simplifies accounting for convertible instruments, enhances disclosure requirements related to the terms and features of convertible instruments, and amends the guidance for the derivatives scope exception for contracts settled in an entity's own equity. This ASU removes from GAAP the separation models for (1) convertible debt with a Cash Conversion Feature and (2) convertible instruments with a Beneficial Conversion Feature. Upon adoption of this new ASU, entities will account for a convertible debt instrument wholly as debt, and for convertible preferred stock wholly as preferred stock, unless (1) a convertible instrument contains features that require bifurcation as a derivative, or (2) a convertible debt instrument was issued at a substantial premium.

As a result of the adoption, no embedded features were identified requiring bifurcation under the new model, other than the change of control redemption feature. The Company adopted the standard using the modified retrospective approach. The standard had no impact on the senior secured convertible notes (the "Notes") issued by the Company prior to adoption and, as a result, there was no cumulative adjustment recorded upon adoption.

***Loss on Extinguishment of Debt***

In 2021, the Company recorded a $9.6 million loss on debt extinguishment related to the payoff of the Notes and a foreign secured promissory note (the "Secured Term Note"). Loss on extinguishment of debt represents the difference between the carrying value of the Company's debt instruments and any consideration paid to its creditors in the form of cash or shares of the Company's Common Stock on the extinguishment date. These transactions are described in [Footnote 6](#i0047531bd13046b986557e31951e34f8_124), *Debt*.

***Financing Derivatives***

The Company's derivative financial instruments are not hedges and do not qualify for hedge accounting. Changes in the fair value of these instruments are recorded in other income (expense), net in the Consolidated Statements of Operations and Comprehensive Loss.

The fair values of the financing derivatives were estimated using forward projections and were discounted back at rates commensurate with the remaining term of the related derivatives. Significant valuation inputs included the Company's credit rating, the premium attributable to the payment-in-kind feature of the Notes, and premium estimates for company-specific risk factors (together, the "credit-adjusted discount rate"), the price and expected volatility of the Company's Common Stock, probability of change of control, and forward projections of estimated cash payments.

Extinguishment of the Notes on March 10, 2021 resulted in derecognition of the remaining financing derivatives. Refer to [Footnote 6](#i0047531bd13046b986557e31951e34f8_124), *Debt* for additional information.

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***Cash, Cash Equivalents and Restricted Cash***

Cash and cash equivalents are maintained with several financial institutions domestically and internationally. The combined account balances held on deposit at each institution typically exceed Federal Deposit Insurance Corporation ("FDIC") insurance coverage and, as a result, there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. The Company reduces this risk by maintaining such deposits with high quality financial institutions that management believes are creditworthy, and by monitoring this credit risk and making adjustments as necessary.

The Company considers highly liquid investments with an original maturity of three months or less at the time of purchase and qualifying money-market funds as cash equivalents.

As of December 31, 2022 and December 31, 2021, restricted cash represents security deposits for subleased office space.

***Allowance for Doubtful Accounts***

The Company generally grants uncollateralized credit terms to its customers. Credit risk associated with accounts receivable is mitigated by the Company's ongoing credit evaluation of its customers' financial condition. An allowance for doubtful accounts is maintained to reserve for uncollectible receivables. Allowances are based on management's judgment, which considers historical collection experience adjusted for current conditions or expected future conditions based on reasonable and supportable forecasts, a specific review of all significant outstanding receivables, an assessment of company-specific credit conditions and general economic conditions. Management considered the impact of the COVID-19 pandemic, including customer payment delays and requests from customers to revise contractual payment terms, in determining the Company's allowance for doubtful accounts.

The following is a summary of the activity within the allowance for doubtful accounts:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
| *(In thousands)* | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| **Beginning Balance** | | | $ | (1,173) |  |  | | | $ | (2,757) |  |  | | | $ | (1,919) |  |
| Bad debt (expense) benefit | | | (312) | |  |  | | | 80 | |  |  | | | (1,693) | |  |
| Recoveries | | | (126) | |  |  | | | (161) | |  |  | | | (300) | |  |
| Write-offs | | | 813 | |  |  | | | 1,665 | |  |  | | | 1,155 | |  |
| **Ending Balance** | | | $ | (798) |  |  | | | $ | (1,173) |  |  | | | $ | (2,757) |  |

***Property and Equipment, net***

Property and equipment is recorded at cost, net of accumulated depreciation, and is depreciated on a straight-line basis over the estimated useful lives of the assets, ranging from 2 to 10 years. Finance lease assets are recorded at their net present value at the commencement of the lease. Both finance lease assets and leasehold improvements are amortized on a straight-line basis over the shorter of the related lease terms or their useful lives. Replacements and major improvements are capitalized; maintenance and repairs are expensed as incurred.

Included in property and equipment, net, are capitalized software costs to purchase and develop internal-use software, which the Company uses to provide services to its clients. The costs to purchase and develop internal-use software are capitalized from the time that the preliminary project stage is completed, and it is considered probable that the software will be used to perform the function intended, until the time the software is placed in service for its intended use. Any costs incurred during subsequent efforts to upgrade and enhance the functionality of the software are also capitalized. Once this software is ready for use in the Company's products, these costs are amortized on a straight-line basis over the estimated useful life of the software, which is typically assessed to be 2 to 3 years. During the years ended December 31, 2022, 2021 and 2020, the Company capitalized $17.2 million, $18.9 million (including $4.6 million recorded as part of the acquisition of Shareablee), and $15.0 million in internal-use software costs, respectively. The Company depreciated $15.1 million, $12.8 million and $9.1 million in capitalized internal-use software costs during the years ended December 31, 2022, 2021 and 2020, respectively.

***Business Combination***

In December 2021, the Company and two newly formed, wholly owned subsidiaries of the Company entered into the Merger Agreement with Shareablee, pursuant to which the Company acquired Shareablee (the "Merger") as described in [Footnote 3](#i0047531bd13046b986557e31951e34f8_103), *Business Combination*. Total consideration paid or payable by the Company related to the Merger (valued as of the closing date of the Merger) was $31.4 million, which included $5.6 million for the fair value of contingent consideration payable based on the achievement of certain contractual milestones or future revenue performance. The maximum amount of contingent consideration payable under the Merger is $8.6 million.

The contingent consideration is classified as a liability due to the fact it will be settled in cash or a variable number of shares of the Company's common stock, par value $0.001 (the "Common Stock") (or a combination thereof), and the amount of the payment is not dependent upon the fair value of the Common Stock. The contingent consideration liability is measured at fair value on a recurring basis until the contingency is resolved.

The fair value of the contingent consideration liability is estimated using a combination of valuation techniques. One technique is an option pricing model within a Monte Carlo simulation that determines an average projected payment value across numerous iterations. This technique

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determines projected payments based on simulated revenues derived from an internal forecast, adjusted for a selected revenue volatility and risk premium based on market data for comparable guideline public companies. The other technique is a discounted cash flow model that assumes achievement of the contractual milestones, resulting in payment of the full deferred amount. In both techniques, the projected payments are then discounted back to the valuation date at the Company's cost of debt using a term commensurate with the contractual payment dates.

In April 2022, the contingency was resolved and the full amount was deemed payable, subject to reduction for any pending indemnification claims and other terms set forth in the Merger Agreement. The resolution of this contingency eliminated the option pricing model as a valuation technique, and the fair value was remeasured using only the discounted cash flow model. In December 2022, the Company elected to settle the first installment of $3.7 million in cash. This amount remained outstanding as of December 31, 2022 and is scheduled to be paid in the first quarter of 2023. The Company expects to settle the remaining liability in two additional installments of $3.7 million and $1.2 million payable in any combination of cash and Common Stock (at the Company's election) in December 2023 and 2024, respectively.

The estimated fair value of the contingent consideration liability as of December 31, 2022 was $8.2 million. The loss due to change in fair value of $2.6 million for the year ended December 31, 2022 was classified within general and administrative expense in the Consolidated Statements of Operations and Comprehensive Loss. Refer to [Footnote 7](#i0047531bd13046b986557e31951e34f8_130), *Fair Value Measurements*, for additional information on the fair value of the contingent consideration.

***Cloud Computing Implementation Costs***

Certain costs incurred for implementation, setup, and other upfront activities in a hosting arrangement that is a service contract are capitalized during the application development stage. Upgrades and enhancements are capitalized if they will result in additional functionality. Amortization of capitalized costs is recorded on a straight-line basis over the term of the associated hosting arrangement, inclusive of reasonably certain renewal periods.

During the third quarter of 2021, the Company completed its implementation of a new cloud-based Enterprise Resource Planning ("ERP") system. The Company capitalized $6.8 million of eligible implementation costs in connection with its development and testing of the ERP system. These capitalized implementation costs are classified within other non-current assets in the Consolidated Balance Sheets. As of December 31, 2022, 2021 and 2020, capitalized implementation costs, net of accumulated amortization, were $5.0 million, $6.4 million, and $3.2 million, respectively.

The Company determined the expected period of benefit of the capitalized implementation costs was five years. Amortization costs are classified within general and administrative expense in the Consolidated Statements of Operations and Comprehensive Loss. The Company recorded $1.4 million and $0.7 million of amortization expense for the years ended December 31, 2022 and 2021, respectively.

***Goodwill and Intangible Assets***

Goodwill represents the excess of the purchase consideration over the fair value of identifiable assets acquired and liabilities assumed when a business is acquired. The valuation of intangible assets and goodwill involves the use of management's estimates and assumptions and can have a significant impact on future operating results. The Company initially records its intangible assets at fair value. Definite-lived intangible assets are amortized over their estimated useful lives while goodwill is not amortized but is evaluated for impairment at least annually, as of October 1, by comparing the fair value of a reporting unit to its carrying value including goodwill recorded by the reporting unit.

The Company has a single reporting unit. Accordingly, the impairment assessment for goodwill is performed at the enterprise level. Goodwill is reviewed for possible impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying value. The Company initially assesses qualitative factors to determine if it is necessary to perform the goodwill impairment review. Goodwill is reviewed for impairment if, based on an assessment of the qualitative factors, it is determined that it is more likely than not that the fair value of the reporting unit is less than its carrying value, or the Company decides to bypass the qualitative assessment. The carrying value of the reporting unit is reviewed utilizing a combination of the discounted cash flow model and a market value approach. The estimated fair value of a reporting unit is determined based on assumptions regarding estimated future cash flows, discount rates, long-term growth rates and market values. Additionally, the Company considers income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss.

The Company monitors for events and circumstances that could negatively impact the key assumptions in determining fair value, including long-term growth projections, profitability, discount rates, volatility in the Company's market capitalization, general industry, and market and macro-economic conditions. It is possible that future changes in such circumstances, or in the variables associated with the judgments, assumptions and estimates used in assessing the fair value of the reporting unit, would require the Company to record a material non-cash impairment charge.

As of September 30, 2022, the Company concluded that it was more likely than not that the estimated fair value of its reporting unit was less than its carrying value. Accordingly, in conjunction with its annual test as of October 1, 2022, the Company completed its assessment, and concluded that it was more likely than not that the estimated fair value of its reporting unit was less than its carrying value. In its assessment, the Company considered the decline in the Company's stock price and market capitalization among other factors. The Company performed a quantitative goodwill impairment test using a discounted cash flow model, supported by a market approach. The Company's reporting unit did not pass the goodwill impairment test, and as a result the Company recorded a $46.3 million non-cash impairment charge during the three

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months ended September 30, 2022 and year ended December 31, 2022. Refer to [Footnote 10](#i0047531bd13046b986557e31951e34f8_142), *Goodwill and Intangible Assets* for further information. No goodwill impairment charges were recognized during the years ended December 31, 2021 and 2020.

Intangible assets with finite lives are generally amortized using the straight-line method over the following useful lives:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  | | | **Useful Lives (Years)** | | |
| Acquired methodologies and technology | | | 5 to 7 | | |
| Acquired software | | | 2 | | |
| Customer relationships | | | 6 to 11 | | |
| Intellectual property | | | 16 | | |
|  | | |  | | |
|  | | |  | | |
| Other | | | 7 | | |

The Company evaluates its definite-lived intangible assets for impairment whenever events or changes in circumstances indicate the carrying value of such assets may not be recoverable. If an indication of impairment is present, the Company compares the estimated undiscounted future cash flows to be generated by the asset group to its carrying amount. Recoverability measurement and estimation of undiscounted cash flows are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If the undiscounted future cash flows are less than the carrying amount of the asset group, the Company records an impairment loss equal to the excess of the asset group's carrying amount over its fair value. The fair value is determined based on valuation techniques such as a comparison to fair values of similar assets or using a discounted cash flow analysis.

Although the Company believes that the carrying values of its goodwill and definite-lived intangible assets are appropriately stated as of December 31, 2022, changes in strategy or market conditions, significant technological developments or significant changes in legal or regulatory factors could significantly impact these judgments and require adjustments to recorded asset balances.

***Recoverability of Other Long-Lived Assets***

The Company's other long-lived assets consist primarily of property and equipment and right-of-use ("ROU") assets. The Company evaluates its ROU and long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of such assets may not be recoverable. For facility lease ROU and related long-lived assets, the Company compares the estimated undiscounted cash flows generated by a sublease to the current carrying value of the ROU and related long-lived assets. The Company treats operating lease ROU assets as financing transactions, thereby excluding the operating lease liability and related lease payments from the head lease, for purposes of testing recoverability. If the undiscounted cash flows are less than the carrying value of the ROU and related long-lived assets, the Company records an impairment loss equal to the excess of the ROU and long-lived assets' carrying value over their fair value.

The Company performed an interim analysis as of March 31, 2020, as changes in market conditions indicated the carrying value of certain facility lease ROU and other long-lived assets may not be recoverable, and determined that certain ROU assets, and related leasehold improvements, were impaired. The Company recorded a $4.7 million non-cash impairment charge related to its ROU assets and related leasehold improvements in 2020. The impairment charge was driven by changes in the Company's projected undiscounted cash flows for certain properties, primarily as a result of changes in the real estate market related to the COVID-19 pandemic, that led to an increase in the estimated marketing time, and a reduction of expected receipts, for properties on the market for sublease. The fair value of these ROU assets, and related leasehold improvements, was estimated using an income approach and a discount rate of 12.0%.

The Company performed an analysis in the fourth quarter of 2022 related to the execution of a sublease for a property for which expected cash receipts were less than the disbursements for the lease. The Company recorded a $0.2 million non-cash impairment charge related to the ROU asset in 2022. The fair value of the ROU asset was estimated using an income approach and a discount rate of 7.4%.

Although the Company believes that the carrying values of its other long-lived assets are appropriately stated as of December 31, 2022, changes in strategy or market conditions, significant technological developments or significant changes in legal or regulatory factors could significantly impact these judgments and require adjustments to recorded asset balances.

***Warrants Liability***

In 2019, the Company issued warrants to CVI in connection with the private placement described in [Footnote 5](#i0047531bd13046b986557e31951e34f8_115), *Convertible Redeemable Preferred Stock and Stockholders' Equity*. The warrants were determined to be freestanding financial instruments that qualify for liability treatment as a result of net cash settlement features associated with a cap on the issuance of shares, under certain circumstances, or upon a change of control. Changes in the fair value of these instruments are recorded in other income (expense), net in the Consolidated Statements of Operations and Comprehensive Loss.

The fair value of each warrant is estimated utilizing an option pricing model supplemented with a Monte Carlo simulation in periods with multiple warrants outstanding where certain features resulted in additional valuation complexity. Significant valuation inputs include the price and expected volatility of the Company's Common Stock, cost of debt, risk-free rate, remaining term of the warrants, and probability of change of control. In situations where a change of control was assumed, the fair values of the warrants are based on estimated cash payments at each payment date discounted back to the valuation date using the cost of debt.

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***Leases***

The Company's lease portfolio is comprised of two major classes. Real estate leases, which are the majority of the Company's leased assets, are accounted for as operating leases. Computer equipment leases are generally accounted for as finance leases.

The Company determines if an arrangement is or contains a lease at inception and whether the lease should be classified as an operating or finance lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the future minimum lease payments over the lease term. Operating ROU assets also include the impact of any lease incentives. An ROU asset and lease liability are not recorded for short-term leases with an initial term of 12 months of less.

The Company has elected to combine lease and non-lease components and account for them together as a single lease component, which increases the carrying amount of the ROU assets and lease liabilities. Non-lease components primarily include payments for common-area maintenance, utilities and other pass-through charges.

The Company uses its incremental borrowing rate to determine the present value of the future lease payments. The incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments, and in economic environments where the leased asset is located.

The Company's lease terms include periods under options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company considers contractual-based factors such as the nature and terms of the renewal or termination, asset-based factors such as physical location of the asset and entity-based factors such as the importance of the leased asset to the Company's operations to determine the lease term. The Company generally uses the non-cancelable lease term when measuring its ROU assets and lease liabilities.

Payments under the Company's lease arrangements are primarily fixed; however, certain lease agreements contain variable payments, which are expensed as incurred and excluded from the measurement of ROU assets and lease liabilities. These payment amounts are affected by changes in market indices and costs for common-area maintenance, utilities and other pass-through charges that are based on usage or performance.

Operating leases are included in operating ROU assets, current operating lease liability, and non-current operating lease liability in the Consolidated Balance Sheets. The Company recognizes lease expense (excluding variable lease costs) for its operating leases on a straight-line basis over the term of the lease. Finance lease assets are included in property and equipment, net; current finance lease liabilities are aggregated into other current liabilities; and non-current finance lease obligations are aggregated in other non-current liabilities in the Consolidated Balance Sheets.

Income from subleased properties is recognized and presented as a reduction of costs, allocated among operating expense line items, in the Consolidated Statements of Operations and Comprehensive Loss.

***Foreign Currency***

Generally, the functional currency of the Company's foreign subsidiaries is the local currency. In those cases where the transaction is not denominated in the functional currency, the Company revalues the transaction to the functional currency and records the translation gain or loss in the Company's Statements of Operations and Comprehensive Loss. Assets and liabilities are translated at the current exchange rate as of the end of the year, and revenues and expenses are translated at average exchange rates in effect during the year. The gain or loss resulting from the process of translating a foreign subsidiary's functional currency financial statements into U.S. Dollars ("USD") is reflected as foreign currency cumulative translation adjustment and reported as a component of accumulated other comprehensive loss. The translation adjustment for intercompany foreign currency loans that are permanent in nature are also recorded as accumulated other comprehensive loss. Translation adjustments on intercompany accounts that are short term in nature are recorded as gain (loss) from foreign currency transactions. For foreign entities where USD is the functional currency, re-measurement of gains and losses related to deferred tax assets and liabilities are reflected in income tax provision in the Consolidated Statements of Operations and Comprehensive Loss.

***Revenue Recognition***

The Company recognizes revenue under the core principle to depict the transfer of control to its customers in an amount reflecting the consideration to which it expects to be entitled.

The Company's contracts with customers may include multiple promised goods and services. Contracts with multiple performance obligations typically consist of a mix of subscriptions to the Company's online database, customized data services, and delivery of periodic custom reports based on information obtained from the database. In such cases, the Company identifies performance obligations by evaluating whether the promised goods and services are capable of being distinct and distinct within the context of the contract at contract inception. Promised goods and services that are not distinct at contract inception are combined as one performance obligation.

Once the Company identifies the performance obligations, the Company will determine the transaction price based on contractually fixed amounts and an estimate of variable consideration. In general, the transaction price is determined by estimating the fixed amount of consideration to which the Company is entitled for transfer of goods and services and all relevant sources and components of variable consideration. Variable consideration is estimated based on the most likely amount or expected value approach, depending on which method the Company expects to better predict the amount of consideration to which it will be entitled. Once the Company elects one of the methods to estimate variable consideration for a particular type of performance obligation, the Company will apply that method consistently. Estimates of

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variable consideration are subject to constraint based on expected recovery from the customer. Sales taxes remitted to government authorities are excluded from the transaction price.

The Company allocates the transaction price to each performance obligation based on relative SSP. Judgment is exercised to determine the SSP of each distinct performance obligation. In most cases, the Company bundles multiple products and very few are sold on a standalone basis. The Company primarily applies an adjusted market assessment approach for the determination of the SSP, which is supported by rate cards and pricing calculators that are periodically reviewed and updated to reflect the latest sales data and observable inputs by industry, channel, geography, customer size, and other relevant groupings.

The Company recognizes revenue when (or as) it satisfies a performance obligation by transferring promised goods or services to a customer. Customers may obtain the control of promised goods or services over time or at a point in time. Subscription-based revenues, and other products delivered continuously through a user interface, are recognized on a straight-line basis over an access period specified within the respective contract. Revenues for impression-based products are typically recognized over time, on a time-elapsed basis, as the customer is continuously consuming and receiving the benefits of campaign measurement, or an output method, such as volume of impressions processed during a discrete period. Report-based revenues are recognized at a point in time, which is generally once the product has been delivered to the customer. The Company also considers whether there is a present right to payment, and whether the customer has accepted the product if such acceptance provisions are substantive.

Customers may have the right to cancel their contracts by providing a written notice of cancellation, although most subscription-based contracts are non-cancelable. If a customer cancels its contract, the customer is generally not entitled to a refund for prior services. In the event a portion of a contract is refundable, revenue recognition is delayed until the refund provision lapses. For multi-year contracts with annual price increases, the total consideration for each of the years included in the contract term will be combined and recognized on a straight-line basis.

For transactions that involve third parties, the Company evaluates whether it is the principal, in which case it recognizes revenue on a gross basis. If the Company is an agent, it recognizes revenue on a net basis. This determination can require significant judgment for certain revenue share arrangements that involve the use of partner data in the Company's sales to end users or the use of its data in partner sales to end users. In these arrangements, the Company assesses which party controls the specified goods or services before they are transferred to the customer, as well as other indicators such as the party primarily responsible for fulfillment, inventory risk, and discretion in establishing price.

The Company enters into a limited number of monetary contracts with MVPDs that involve both the purchase and sale of services with a single counterparty. Each contract is assessed to determine if the revenue and expense should be presented gross or net. In some instances, the Company may provide free distinct goods or services as a form of non-cash consideration to the counterparty. Revenue is recognized for these contracts to the extent SSP is established for distinct services provided. Any excess consideration above the established SSP of services is presented as a reduction to cost of revenues in the Consolidated Statements of Operations and Comprehensive Loss. The fair value of non-cash consideration included in revenues during the years ended December 31, 2022, 2021and 2020 totaled $3.9 million, $4.0 million, and $0.9 million, respectively. The fair value of non-cash consideration included in cost of revenues during the years ended December 31, 2022, 2021 and 2020 totaled $4.1 million, $3.9 million and $1.6 million, respectively.

***Contract Balances***

Accounts receivable are billed and unbilled amounts where the right to payment from the customer is unconditional but for the passage of time. Contract assets represent amounts where the right to payment in exchange for goods or services transferred is conditioned on future events, such as the entity's continued performance. The portion of contract assets to be billed in the succeeding twelve-month period are included in prepaid expenses and other current assets, and the remaining amounts are included in other assets within the Consolidated Balance Sheets.

Contract liabilities relate to amounts billed in advance, or advance consideration received from customers, under non-cancelable contracts for which exchange of goods or services will occur in the future. Customer advances relate to amounts billed in advance, or advance considerations received from customers, for contracts with termination rights for which exchange of goods or services will occur in the future. The portion of contract liabilities and customer advances to be recognized in the succeeding twelve-month period are presented separately within current liabilities, and the remaining amounts are included in other non-current liabilities within the Consolidated Balance Sheets.

***Remaining Performance Obligations***

The Company elected an optional exemption to not disclose information about the amount of the transaction price allocated to remaining performance obligations for contracts that have an original expected duration of one year or less. The amount disclosed for remaining performance obligations also excludes variable consideration from unsatisfied performance obligations within a series where revenue is recognized using an output method, such as volume of impressions processed.

***Costs to Fulfill a Contract***

Certain costs to fulfill are capitalized for contracts where the transfer of goods and services will occur in the future. Typically, these capitalized costs are incurred during a setup period prior to transferring control of the good or service over time. These costs include dedicated employees, subcontractors, and other third-party costs. Capitalized costs are assessed for recoverability at each reporting period. These costs are included in cost of revenues and are recognized in the same manner as the corresponding performance obligation. For the years ended December 31, 2022, 2021 and 2020, amortized and expensed contract costs were zero, $2.7 million and $1.4 million, respectively.

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***Cost of Revenues***

Cost of revenues consists primarily of costs to produce the Company's products including viewing data from MVPDs, census-based, panel and other third-party data as well as costs to operate its network infrastructure including data center, data storage and compliance costs. Other costs include amortization of capitalized fulfillment costs, employee costs including stock-based compensation, depreciation related to assets used to maintain the network and produce products and allocated overhead, including rent and depreciation expenses generated by general purpose equipment and software.

***Selling and Marketing***

Selling and marketing expenses consist primarily of salaries, commissions, stock-based compensation, benefits and bonuses for personnel associated with sales and marketing activities, as well as costs related to online and offline advertising, product management, seminars, promotional materials, public relations, other sales and marketing programs, and allocated overhead, including rent and other facilities related costs, and depreciation.

***General and Administrative***

General and administrative expenses consist primarily of salaries, stock-based compensation, benefits and related costs for executive management, finance, accounting, human capital, legal, information technology and other administrative functions, as well as professional fees and allocated overhead, including rent and other facilities related costs, depreciation and expenses incurred for other general corporate purposes.

***Research and Development***

Research and development expenses consist primarily of salaries, stock-based compensation, benefits and related costs for personnel associated with research and development activities, as well as allocated overhead, including rent and other facilities related costs, and depreciation.

***Other Income (Expense), Net***

Other income (expense), net represents income and expenses incurred that are generally not recurring in nature or are not part of the Company's normal operations. The following is a summary of the significant components of other income (expense), net:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
| *(In thousands)* | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| Change in fair value of financing derivatives | | | $ | — |  |  | | | $ | 1,800 |  |  | | | $ | 10,287 |  |
| Change in fair value of warrants liability | | | 9,802 | |  |  | | | (7,689) | |  |  | | | 4,894 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |
| Other | | | (17) | |  |  | | | 111 | |  |  | | | (627) | |  |
| Total other income (expense), net | | | $ | 9,785 |  |  | | | $ | (5,778) |  |  | | | $ | 14,554 |  |

***Debt Issuance Costs***

The Company reflects debt issuance costs in the Consolidated Balance Sheets as a direct deduction from the gross amount of debt, consistent with the presentation of a debt discount. Debt issuance costs are amortized to interest expense, net over the term of the underlying debt instrument, utilizing the effective interest method.

***Stock-Based Compensation***

The Company estimates the fair value of stock-based awards on their grant date. The fair value of stock options with only service conditions is determined using the Black-Scholes option pricing model. The fair value of restricted stock units ("RSUs") is based on the closing price of the Company's Common Stock on the grant date. The Company amortizes the fair value of awards expected to vest on a straight-line basis over the requisite service periods of the awards, which is generally the period from the grant date to the end of the vesting period. The determination of the fair value of the Company's stock option awards is based on a variety of factors, including, but not limited to, the Company's Common Stock price, risk-free rate, expected stock price volatility over the expected life of awards, and the expected term of the option.

The Company issues stock options with a vesting period based solely upon the passage of time (service vesting). To determine the expected term of the option the Company applies the simplified method for plain-vanilla options due to the lack of significant historical exercise experience. For non-employee options that do not qualify as plain-vanilla the Company has elected to apply the contractual term of the award.

The Company issues RSU awards with a vesting period based solely upon the passage of time (service vesting), achieving performance targets, fulfillment of market conditions, or a combination thereof. For those RSU awards with only service vesting, the Company recognizes compensation cost on a straight-line basis over the service period. For awards with both service and performance conditions, the Company starts recognizing compensation cost over the remaining service period when it is probable the performance conditions will be met. Stock awards that contain performance vesting conditions are excluded from diluted earnings per share ("EPS") computations until the contingency is met as of the end of that reporting period.

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For awards with both service and market conditions, the Company recognizes compensation cost over the remaining service period, with the effect of the market condition reflected in the determination of the award's fair value at the grant date. The Company values awards with market conditions using certain valuation techniques, such as a lattice model or Monte Carlo simulation analysis. The Company determines the requisite service period based on the longer of the explicit service period and the derived service period. Stock awards that contain market vesting conditions are included in the computations of diluted EPS reflecting the number of shares that would be issued based on the current market price at the end of the period being reported on, if their effect is dilutive.

Under the Company's annual incentive compensation plan, the Company may grant immediately vested RSUs to certain employees. For these awards, stock-based compensation expense is accrued commencing at the service inception date, which generally precedes the grant date, through the end of the requisite service period.

The Company estimates forfeitures for stock-based awards at their grant date based on historical experience. The estimated forfeiture rate as of December 31, 2022, 2021 and 2020 was 10.0% for non-executive awards. Awards granted to senior executives have an estimated forfeiture rate of zero. The Company performs a review of its forfeiture rate assumption on a quarterly basis. Changes in the estimates and assumptions relating to forfeitures and subsequent grants may result in material changes to stock-based compensation expense in the future.

***Income Taxes***

Income taxes are accounted for using the asset and liability method. Deferred income taxes are provided for temporary differences in recognizing certain income, expense and credit items for financial reporting purposes and tax reporting purposes. Such deferred income taxes primarily relate to the difference between the tax bases of assets and liabilities and their financial reporting amounts. Deferred tax assets and liabilities are measured by applying enacted statutory tax rates applicable to the future years in which deferred tax assets or liabilities are expected to be settled or realized. Excess tax benefits and tax deficiencies are recognized in the income tax provision in the period in which they occur.

The Company records a valuation allowance when it determines, based on available positive and negative evidence, that it is more-likely-than-not that some portion or all of its deferred tax assets will not be realized. The Company determines the realizability of its deferred tax assets primarily based on the reversal of existing taxable temporary differences and projections of future taxable income (exclusive of reversing temporary differences and carryforwards). In evaluating such projections, the Company considers its history of profitability, the competitive environment, and general economic conditions. In addition, the Company considers the time frame over which it would take to utilize the deferred tax assets prior to their expiration.

For certain tax positions, the Company uses a more-likely-than-not threshold based on the technical merits of the tax position taken. Tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of tax benefits determined on a cumulative probability basis, which are more-likely-than-not to be realized upon ultimate settlement in the financial statements. The Company's policy is to recognize interest and penalties related to income tax matters in income tax expense.

In December 2017, U.S. tax reform legislation known as the Tax Cuts and Jobs Act (the "TCJA") was signed into law. The Company determined the effects of certain provisions, including but not limited to: a reduction in the corporate tax rate from 35% to 21%, a limitation of the deductibility of certain officers' compensation, a limitation on the current deductibility of net interest expense in excess of 30% of adjusted taxable income, a limitation of net operating losses generated after 2018 to 80% of taxable income, an incremental tax (base erosion anti-abuse or "BEAT") on excessive amounts paid to foreign related parties, and a minimum tax on certain foreign earnings in excess of 10% of the foreign subsidiaries' tangible assets (global intangible low-taxed income or "GILTI"). As part of its GILTI review, the Company has determined that it will account for GILTI income as it is generated (i.e., treat it as a period expense). Given the Company's loss position in the U.S. and the valuation allowance recorded against its U.S. net deferred tax assets, these provisions have not had a material impact on the Company's consolidated financial statements.

Beginning in 2022, the TCJA eliminated the option to immediately deduct research and experiment ("R&E") expenditures in the year incurred pursuant to Internal Revenue Code Section 174 ("Section 174"). The amended provision under Section 174 requires taxpayers to capitalize and amortize these expenditures over five years for research performed in the U.S. and over 15 years for research performed outside the U.S. While it is possible that Congress may defer, modify or repeal this provision, potentially with retroactive effect, it was not deferred, modified or repealed as of December 31, 2022. Due to the Company's federal and state net operating loss ("NOL") carryforwards, the amended provision under Section 174 only increased the Company's state cash taxes payable and reduced its cash flow from operating activities by an immaterial amount in 2022. The capitalized R&E expenditure merely caused a reclassification between the NOL deferred tax asset and capitalized R&E deferred tax asset as of December 31, 2022. Because the Company's deferred tax assets have a full valuation allowance against them, the amended provision under Section 174 did not impact the Company's tax rate or results of operations.

***Loss Per Share***

The Company uses the two-class method to calculate net loss per share. The two-class method is an earnings allocation formula that treats a participating security as having rights to earnings that otherwise would have been available to common stockholders. Under the two-class method, earnings for the period are allocated between common stockholders and participating security holders based on their respective rights to receive dividends as if all undistributed book earnings for the period were distributed.

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Basic loss per share is computed by dividing net loss available to only the common stockholders by the weighted-average number of common shares outstanding for the period. Diluted loss per share includes the effect of potential common shares, such as the Company's Preferred Stock, Notes, warrants, stock options, restricted stock units and deferred stock units, to the extent the effect is dilutive. In periods with a net loss available to common stockholders, the anti-dilutive effect of these potential common shares is excluded and diluted net loss per share is equal to basic net loss per share.

The following is a summary of the Common Stock equivalents for the securities outstanding during the respective periods that have been excluded from the computation of diluted net loss per common share, as their effect would be anti-dilutive:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | |  | | |
|  | | |  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |  |  |  |  |  |  |  |  |
|  | | |  | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |  |  |  | | |  | | |
| Preferred stock (1) | | |  | | | 85,708,360 | |  |  | | | 66,926,499 | |  |  | | | — | |  |  |  |  | | |  | | |
| Warrants | | |  | | | 5,457,026 | |  |  | | | 5,457,026 | |  |  | | | 6,306,964 | |  |  |  |  | | |  | | |
| Stock options, restricted stock units and deferred stock units | | |  | | | 4,981,624 | |  |  | | | 5,073,980 | |  |  | | | 3,898,327 | |  |  |  |  | | |  | | |
| Contingent Consideration (2) | | |  | | | 4,220,690 | |  |  | | | — | |  |  | | | — | |  |  |  |  | | |  | | |
| Senior secured convertible notes | | |  | | | — | |  |  | | | 1,232,483 | |  |  | | | 6,519,655 | |  |  |  |  | | |  | | |
| Total | | |  | | | 100,367,700 | |  |  | | | 78,689,988 | |  |  | | | 16,724,946 | |  |  |  |  | | |  | | |

(1) Includes the effect of potential Common Stock that would be issued to settle unpaid dividends accrued to holders of the Preferred Stock if they elected to convert their shares at the beginning of the period (or at the time of issuance, if later).

(2) A contingent consideration liability was recognized as part of the acquisition described in [Footnote 3](#i0047531bd13046b986557e31951e34f8_103), *Business Combination.* The liability payments may be settled in any combination of cash or shares of Common Stock based on the volume-weighted average trading price of the Common Stock for the ten trading days prior to the date of each payment. Settlement of this liability in Common Stock could potentially dilute basic earnings per share in future periods. The Company calculated a potential anti-dilutive share count based on the maximum contingent consideration as of December 31, 2022 of $4.9 million and the $1.16 per share closing price of the Company's Common Stock on the Nasdaq Global Select Market on December 30, 2022. The impact was determined to be negligible for 2021 based on the period the liability was outstanding.

For the year ended December 31, 2022, dividends paid to holders of the Preferred Stock totaled $15.5 million. These dividends have been included in calculating the total loss available to common stockholders used in the calculation of basic and diluted loss per share.

**3.Business Combination**

On December 16, 2021, the Company and two newly formed, wholly owned subsidiaries of the Company entered into the Merger Agreement with Shareablee, pursuant to which the Company acquired Shareablee. Total consideration payable to the former holders of Shareablee's capital stock and warrant, and certain underlying equity awards that were assumed by the Company, totaled 9,128,964 shares of Common Stock. This included 7,945,519 shares of Common Stock that were issuable at closing, 1,062,085 shares of Common Stock issuable pursuant to replacement stock options and restricted stock unit awards, and 121,357 shares of Common Stock subject to holdback pending final working capital adjustments. In addition, certain holders of Shareablee's capital stock, warrant and equity awards may also receive up to an aggregate of $8.6 million of contingent consideration over three years after the closing, subject to the satisfaction of certain conditions set forth in the Merger Agreement. The contingent consideration is payable in any combination of cash and Common Stock, with any issuance of Common Stock to be based on the volume-weighted average trading price of the Common Stock for the ten full trading days ending on, and including the last business day prior to, the applicable date of the release of the contingent payment. The amount of contingent consideration is based on the achievement of certain contractual milestones or a revenue target. Lastly, the Merger Agreement required a portion of cash held in escrow at closing to be paid to the former holders of Shareablee securities.

Itzhak Fisher, a member of the Company's Board, is a former director, stockholder and equity award holder of Shareablee. The fair value of Mr. Fisher's issuable Common Stock and replacement stock options totaled $0.7 million at closing, of which $0.4 million was recognized immediately as stock-based compensation expense and $0.3 million was classified as purchase consideration. Mr. Fisher is also eligible to receive $0.3 million in contingent consideration pursuant to the terms described above.

The total consideration paid or payable by the Company related to the Merger was $31.4 million. A summary of the consideration is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| *(In thousands)* | | | **Fair Value** | | |
| Common Stock (1) | | | $ | 25,329 |  |
| Contingent consideration (2) | | | 5,600 | |  |
| Replacement stock options and restricted stock unit awards | | | 260 | |  |
| Escrow payable to former stockholders | | | 184 | |  |
| Total purchase consideration | | | $ | 31,373 |  |

(1) Calculated based on 7,945,519 shares of Common Stock issued upon closing, an estimated 121,360 shares of Common Stock to be issued upon completion of a final working capital assessment, and the $3.14 per share closing price of the Company's Common Stock on the Nasdaq Global Select Market on December 16, 2021.

(2) Refer to [Footnote 2](#i0047531bd13046b986557e31951e34f8_94), *Summary of Significant Accounting Policies* for additional information on the selected valuation technique, and [Footnote 7](#i0047531bd13046b986557e31951e34f8_130), *Fair Value Measurements* for inputs in deriving the fair value as of December 16, 2021. The Company concluded any change in fair value between December 16, 2021 and December 31, 2021 was negligible.

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A summary of the total purchase consideration for Shareablee that was allocated to the acquired assets and liabilities based on their fair value as of the date of the Merger is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| *(In thousands)* | | | **December 16, 2021** | | |
| Net working capital | | | $ | (2,212) |  |
| Property and equipment, net | | | 4,578 | |  |
| Deferred tax liabilities | | | (2,817) | |  |
| Other assets and liabilities | | | (22) | |  |
| Definite-lived intangible assets | | | 12,644 | |  |
| Goodwill | | | 19,202 | |  |
| Total purchase consideration | | | $ | 31,373 |  |

The goodwill and intangible assets recorded as a result of the Merger are not deductible for income tax purposes. The goodwill includes the value of the Shareablee acquired workforce, the expected cost synergies to be realized by the Company following the Merger, the opportunity to combine the Company's digital information with Shareablee's social data and insights to enhance the Company's syndicated product offerings, and the opportunity to sell Shareablee products to the Company's customer base.

The following table outlines the fair value of the definite-lived intangible assets and the useful life for each type of intangible asset acquired. The intangible assets are amortized using a straight-line method over the respective useful life of the intangible asset.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
| *(In thousands)* | | | **Useful Lives (Years)** | | |  | | | **Fair Value** | | |
| Customer relationships (1) | | | 5 | | |  | | | $ | 6,600 |  |
| Acquired methodologies and technology (1) (2) | | | 5 | | |  | | | 6,044 | |  |
|  | | |  | | |  | | |  | | |
| Total definite-lived intangible assets | | |  | | |  | | | $ | 12,644 |  |

(1) The fair values of these assets are derived from techniques which utilize inputs, certain of which are significant and unobservable, that result in classification as Level 3 fair value measurements. Refer to [Footnote 2](#i0047531bd13046b986557e31951e34f8_94), *Summary of Significant Accounting Policies* for additional information on the selected valuation techniques.

(2) The acquisition-date fair value of acquired methodologies and technology was $10.6 million. The $6.0 million recognized within intangible assets, net reflects the incremental fair value adjustment to $4.6 million of capitalized internal-use software costs recorded at net book value within property and equipment, net as of December 16, 2021.

The primary assets acquired were the developed methodologies and technology, which include a proprietary taxonomy and analytics platform that processes and repackages information on social media data consumption across four large social media platforms.

The Company incurred professional fees directly attributable to the Merger, primarily consisting of legal fees totaling $0.5 million during 2021. These fees are reflected in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss.

The financial results of Shareablee were included in the Company's Consolidated Financial Statements from the date of the Merger, December 16, 2021. For the year ended December 31, 2021, Shareablee contributed revenues of $0.4 million and loss before income tax provision of $1.4 million. The loss includes $1.5 million in stock-based compensation recognized immediately following the closing date pertaining to replacement stock options and restricted stock unit awards issued to Shareablee equity award holders.

Pro forma results of operations for the Merger have not been presented because they are not material to the Company's consolidated results of operations.

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**4.Revenue Recognition**

The following table presents the Company's revenue disaggregated by solution group, geographical market and timing of transfer of products and services. The Company attributes revenue to geographical markets based on the location of the customer. The Company has one reportable segment in accordance with ASC 280, *Segment Reporting*; as such, the disaggregation of revenue below reconciles directly to its unique reportable segment.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
| *(In thousands)* | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| **By solution group**: | | |  | | |  | | |  | | |  | | |  | | |
| Digital Ad Solutions | | | $ | 212,510 |  |  | | | $ | 221,979 |  |  | | | $ | 213,504 |  |
| Cross Platform Solutions | | | 163,913 | |  |  | | | 145,034 | |  |  | | | 142,532 | |  |
| **Total** | | | $ | 376,423 |  |  | | | $ | 367,013 |  |  | | | $ | 356,036 |  |
| **By geographical market**: | | |  | | |  | | |  | | |  | | |  | | |
| United States | | | $ | 337,862 |  |  | | | $ | 321,891 |  |  | | | $ | 310,717 |  |
| Europe | | | 19,007 | |  |  | | | 26,250 | |  |  | | | 27,447 | |  |
| Latin America | | | 7,843 | |  |  | | | 6,952 | |  |  | | | 6,275 | |  |
| Canada | | | 7,604 | |  |  | | | 7,630 | |  |  | | | 7,046 | |  |
| Other | | | 4,107 | |  |  | | | 4,290 | |  |  | | | 4,551 | |  |
| **Total** | | | $ | 376,423 |  |  | | | $ | 367,013 |  |  | | | $ | 356,036 |  |
| **By timing of revenue recognition**: | | |  | | |  | | |  | | |  | | |  | | |
| Products and services transferred over time | | | $ | 312,723 |  |  | | | $ | 288,439 |  |  | | | $ | 278,638 |  |
| Products and services transferred at a point in time | | | 63,700 | |  |  | | | 78,574 | |  |  | | | 77,398 | |  |
| **Total** | | | $ | 376,423 |  |  | | | $ | 367,013 |  |  | | | $ | 356,036 |  |

***Contract Balances***

The following table provides information about receivables, contract assets, contract liabilities and customer advances from contracts with customers:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **As of December 31,** | | | | | | | | |
| *(In thousands)* | | |  | | | **2022** | | |  | | | **2021** | | |
| Accounts receivable, net | | |  | | | $ | 68,457 |  |  | | | $ | 72,059 |  |
| Current and non-current contract assets | | |  | | | 6,736 | |  |  | | | 4,875 | |  |
|  | | |  | | |  | | |  | | |  | | |
| Current contract liabilities | | |  | | | 52,944 | |  |  | | | 54,011 | |  |
| Current customer advances | | |  | | | 11,527 | |  |  | | | 11,613 | |  |
| Non-current contract liabilities | | |  | | | 887 | |  |  | | | 1,262 | |  |

Current and non-current contract assets as of December 31, 2022 increased from the prior year due primarily to up-front recognition of revenue pertaining to license fees in connection with a multi-year agreement that will be billed over the contract term.

Significant changes in the current contract liabilities balances are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  |  | | |  |  |  |  |  |  |
|  | | |  | **Years Ended December 31,** | | | | | | | | |
| *(In thousands)* | | |  | **2022** | | |  | | | **2021** | | |
| Revenue recognized that was included in the opening contract liabilities balance | | |  | $ | (49,265) |  |  | | | $ | (52,232) |  |
| Cash received or amounts billed in advance and not recognized as revenue | | |  | 48,705 | |  |  | | | 48,864 | |  |
|  | | |  |  | | |  | | |  | | |
|  | | |  |  | | |  | | |  | | |
|  | | |  |  | | |  | | |  | | |

Current contract liabilities as of December 31, 2021 included $2.5 million in contract balances recognized as part of the closing of the acquisition described in [Footnote 3](#i0047531bd13046b986557e31951e34f8_103), *Business Combination*.

***Remaining Performance Obligations***

As of December 31, 2022, approximately $220 million of revenue is expected to be recognized from remaining performance obligations that are unsatisfied (or partially unsatisfied) for non-cancelable contracts with an original expected duration of longer than one year. The Company expects to recognize revenue on approximately 50% of these remaining performance obligations in 2023, and approximately 25% in 2024, with the remainder recognized thereafter.

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**5.Convertible Redeemable Preferred Stock and Stockholders' Equity**

***2021 Issuance of Preferred Stock***

On March 10, 2021 (the "Closing Date"), the Company entered into separate Securities Purchase Agreements with each of Charter Communications Holding Company, LLC ("Charter"), Qurate Retail, Inc. ("Qurate") and Pine Investor, LLC ("Pine") (the "Securities Purchase Agreements"). The issuance of securities pursuant to the Securities Purchase Agreements (the "Transactions") and related matters were approved by the Company's stockholders on March 9, 2021 and completed on March 10, 2021. At the closing of the Transactions, the Company issued and sold (a) to Charter, 27,509,203 shares of Preferred Stock in exchange for $68.0 million, (b) to Qurate, 27,509,203 shares of Preferred Stock in exchange for $68.0 million and (c) to Pine, 27,509,203 shares of Preferred Stock in exchange for $68.0 million. The shares were issued at a par value of $0.001. Net proceeds from the Transactions totaled $187.9 million after deducting issuance costs.

The Transactions and related agreements include the following rights:

Registration Rights

On the Closing Date, the Company entered into a Registration Rights Agreement (the "RRA") with the holders of the Preferred Stock (together with any other party that may become a party to the RRA), pursuant to which, among other things, and on the terms and subject to certain limitations set forth therein, the Company was obligated to file a registration statement registering the sale or distribution of shares of Preferred Stock or Common Stock held by any holder, including any shares of Common Stock acquired by any holder pursuant to the conversion of the Preferred Stock, and any other securities issued or issuable with respect to any such shares of Common Stock or Preferred Stock by way of share split, share dividend, distribution, recapitalization, merger, exchange, replacement or similar event or otherwise (the "Registrable Securities"). In addition, pursuant to the RRA, the holders have the right to require the Company, subject to certain limitations, to effect a sale of any or all of their Registrable Securities by means of an underwritten offering or an underwritten block trade or bought deal.

On August 30, 2021, the Company filed a registration statement on Form S-3 with respect to the Registrable Securities. The registration statement on Form S-3 became effective on September 21, 2021.

Conversion Provisions

The Preferred Stock is convertible at the option of the holders at any time into a number of shares of Common Stock based on a conversion rate set in accordance with the Certificate of Designations of the Preferred Stock. The conversion rate is calculated as the product of (i) the conversion factor and (ii) the quotient of (A) the sum of the initial purchase price and accrued dividends with respect to each share of Preferred Stock divided by (B) the initial purchase price. The conversion right is subject to certain anti-dilution adjustments and customary provisions related to partial dividend periods. As of December 31, 2022, each share of Preferred Stock was convertible into 1.038542 shares of Common Stock, with such assumed conversion rate scheduled to return to 1.00 upon payment of accrued dividends on June 30, 2023.

At any time after the fifth anniversary of the Closing Date, the Company may elect to convert all of the outstanding shares of Preferred Stock into shares of Common Stock if (i) the closing sale price of the Company's Common Stock is greater than 140% of the conversion price as of such time, as may be adjusted pursuant to the Certificate of Designations, for certain periods, and (ii) the pro rata share of an aggregate of $100.0 million in dividends has been paid with respect to each share of Preferred Stock that was outstanding on the Closing Date and remains outstanding.

As of December 31, 2022, no shares of Preferred Stock have been converted into Common Stock.

Voting Rights

The holders of the Preferred Stock are entitled to vote as a single class with the holders of the Common Stock, with a vote equal to the number of shares of Common Stock into which the Preferred Stock could be converted, except that the conversion rate for this purpose will be equal to the product of the applicable conversion factor and 0.98091271. Each holder of Preferred Stock is subject to a voting threshold, which limits such holder's voting rights in the event that the holder's Preferred Stock represents voting rights that exceed 16.66% of the Company's Common Stock (including the Preferred Stock on an as-converted basis).

Dividend Rights

The holders of Preferred Stock are entitled to participate in all dividends declared on the Common Stock on an as-converted basis and are also entitled to a cumulative dividend at the rate of 7.5% per annum, payable annually in arrears (on June 30 of each year) and subject to increase under certain specified circumstances. The annual dividend accrues on a daily basis from and including the issuance date of such shares, whether or not declared. In the event the annual dividends are not paid in cash on the annual payment date, the dividends otherwise payable on such date shall continue to accrue and cumulate at a rate of 9.5% per annum, until such failure is cured.

In addition, the holders of Preferred Stock are entitled to request, and the Company will take all actions reasonably necessary to pay, a one-time dividend ("Special Dividend") equal to the highest dividend that the Company's Board determines can be paid at the applicable time (or a lesser amount agreed upon by the holders), subject to additional conditions and limitations set forth in a Stockholders Agreement entered into by the Company and the holders on the Closing Date (the "Stockholders Agreement"). As set forth in the Stockholders Agreement, the Company may be obligated to obtain debt financing in order to effectuate the Special Dividend.

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On June 30, 2022, in accordance with the Certificate of Designations of the Preferred Stock, the Company paid cash dividends totaling $15.5 million to the holders of the Preferred Stock, representing dividends accrued for the period from June 30, 2021 through June 29, 2022. The next scheduled dividend payment date for the Preferred Stock is June 30, 2023. As of December 31, 2022, accrued dividends to holders of the Preferred Stock totaled $7.9 million.

Anti-Dilution Adjustments

The Preferred Stock is subject to anti-dilution adjustment upon the occurrence of certain events, including issuance of certain dividends or distributions to holders of Common Stock, split or combination of Common Stock, reclassification of Common Stock into a greater or lesser number of shares, or certain repurchases of Common Stock, subject to limitations set forth in the Certificate of Designations.

Liquidation Preference and Change of Control Provisions

The Preferred Stock ranks senior to the Common Stock with respect to dividend rights and rights on the distribution of assets in the event of a liquidation, dissolution or winding up of the affairs of the Company, and ranks junior to secured and unsecured indebtedness. The Preferred Stock has a liquidation preference equal to the higher of (i) the initial purchase price, increased by accrued dividends per share, and (ii) the amount per share of Preferred Stock that a holder would have received if such holder, immediately prior to such liquidation, dissolution or winding up of the affairs of the Company, converted such share into Common Stock.

The Preferred Stock includes a change of control put option which allows the holders of the Preferred Stock to require the Company to repurchase such holders' shares at a purchase price equal to the initial purchase price, increased by accrued dividends. The change of control put option was determined to be a derivative liability under ASC 815, *Derivatives and Hedging*. As of December 31, 2022, the probability of a change of control was determined to be remote, and the fair value of the change of control derivative was determined to be negligible. To the extent the holders of the Preferred Stock do not exercise the put option in a covered change of control, the Company has the right to redeem the remaining Preferred Stock at a redemption price equal to the initial purchase price, increased by accrued dividends.

As described above, the Preferred Stock is contingently redeemable upon certain deemed liquidation events, such as a change in control. Because a deemed liquidation event could constitute a redemption event outside of the Company's control, all shares of Preferred Stock have been presented outside of permanent equity in mezzanine equity on the Consolidated Balance Sheets.

***2019 Issuance and Sale of Common Stock and Warrants***

On June 23, 2019, the Company entered into a Securities Purchase Agreement with CVI Investments, Inc. ("CVI"), pursuant to which CVI agreed to purchase (i) 2,728,513 shares of Common Stock (the "Initial Shares"), at a price of $7.33 per share and (ii) Series A Warrants, Series B-1 Warrants, Series B-2 Warrants and Series C Warrants, for aggregate gross proceeds of $20.0 million (the "Private Placement"). The Private Placement closed on June 26, 2019 (the "CVI Closing Date"). The Series B-1 Warrants and Series B-2 Warrants expired in 2020.

The Series C Warrants were exercised on October 10, 2019. As a result of this exercise, the Company issued 2,728,513 shares of Common Stock to CVI on October 14, 2019. In addition, the number of shares issuable under the Series A Warrants was increased by 2,728,513.

The Series A Warrants are exercisable by the holders for a period of five years from the CVI Closing Date and are currently exercisable into 5,457,026 shares of Common Stock, which is equal to the Initial Shares plus the number of shares issued pursuant to the exercise of the Series C Warrants (described above). The exercise price for the Series A Warrants was $12.00 upon issuance but was subsequently adjusted, as described below. The Series A Warrants may be exercised for cash or through a net settlement feature under certain circumstances.

The exercise price for the Series A Warrants is subject to anti-dilution adjustment in certain circumstances, including upon certain issuances of capital stock. Upon the issuance of the Preferred Stock, the Company adjusted the exercise price of the Series A Warrants from $12.00 to $2.4719 per share, the closing price of the Transactions.

CVI will not have the right to exercise any warrant that would result in CVI beneficially owning more than 4.99% of the outstanding Common Stock after giving effect to such exercise. CVI has the right, in its discretion, to raise this threshold up to 9.99% with 60 days' notice to the Company. In addition, if and to the extent the exercise of any warrants would, together with the issuances of the Initial Shares and the shares issued pursuant to the exercise of any other warrants, result in the issuance of 20.0% or more of the outstanding Common Stock of the Company on the CVI Closing Date (the "Exchange Cap"), the Company intends to, in lieu of issuing such shares, settle the obligation to issue such shares in cash.

The estimated fair value of the warrants as of December 31, 2022 was $0.7 million. Refer to [Footnote 7](#i0047531bd13046b986557e31951e34f8_130), *Fair Value Measurements*, for further information.

***2013 Stock Option/Issuance Plan***

On December 16, 2021, the Company assumed certain equity awards outstanding under the Shareablee, Inc. 2013 Stock Option/Stock Issuance Plan (the "2013 Plan") in connection with the acquisition of Shareablee described in [Footnote 3](#i0047531bd13046b986557e31951e34f8_103), *Business Combination*. Under the 2013 Plan, as amended and restated, the Company may grant to certain eligible participants option rights and restricted stock units up to 4,500,000 shares of Shareablee common stock. These shares are converted into shares of the Company's Common Stock at a conversion rate of one Shareablee share to 0.330437 shares of the Company. The aggregate number of shares of Common Stock available will be reduced by one share of Common Stock for every one share of Common Stock subject to an award granted under the 2013 Plan. If any award granted under the 2013

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Plan (in whole or in part) is cancelled or forfeited, expires, is unvested and repurchased in cash, or otherwise unearned, the shares of Common Stock subject to such award will, to the extent of such cancellation, forfeiture, expiration, or repurchase in cash, again be available at a rate of one share of Common Stock for every one share of Common Stock subject to such award. The Company registered the securities issuable under the 2013 Plan with the SEC on December 23, 2021. The maximum number of shares of the Company's Common Stock available for future issuance under the 2013 Plan as of December 31, 2022 (excluding outstanding awards) is 176,435.

***2018 Equity and Incentive Compensation Plan***

The Company's stockholders approved the 2018 Equity and Incentive Compensation Plan (the "2018 Plan") at the Company's 2018 Annual Meeting, approved an amendment and restatement of the 2018 Plan at the Company's 2020 Annual Meeting, and approved a further amendment of the 2018 Plan at the Company's 2022 Annual Meeting. Under the 2018 Plan, as amended, the Company may grant option rights, appreciation rights, restricted stock awards, restricted stock units, performance shares and performance units up to 27,850,000 shares of Common Stock. The aggregate number of shares of Common Stock available will be reduced by: (i) one share of Common Stock for every one share of Common Stock subject to an award of option rights or appreciation rights granted under the 2018 Plan and (ii) two shares of Common Stock for every one share of Common Stock subject to an award other than option rights or appreciation rights granted under the 2018 Plan. If any award granted under the 2018 Plan (in whole or in part) is canceled or forfeited, expires, is settled in cash, or is unearned, the shares of Common Stock subject to such award will, to the extent of such cancellation, forfeiture, expiration, cash settlement, or unearned amount, again be available at a rate of one share of Common Stock for every one share of Common Stock subject to awards of option rights or appreciation rights and two shares of Common Stock for every one share of Common Stock subject to awards other than of option rights or appreciation rights. The Company registered the securities under the 2018 Plan with the SEC effective June 1, 2018. The maximum number of shares available for future issuance under the 2018 Plan as of December 31, 2022 (excluding outstanding awards) is 5,693,104.

***Stock Options***

The Company's Compensation Committee approved and awarded 948,000 and 50,000 options for the years ended December 31, 2022 and 2020 respectively, under the 2018 Plan to employees and consultants. No options were approved and awarded for the year ended December 31, 2021 under the 2018 Plan.

The fair values of options at the date of grant, or when assumed by the Company, were estimated using the Black-Scholes option pricing model utilizing the following assumptions:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
|  | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| Dividend yield (1) | | | 0.0% | | |  | | | 0.0% | | |  | | | 0.0% | | |
| Expected volatility (2) | | | 68.2% - 69.2% | | |  | | | 33.2 - 72.4% | | |  | | | 57.0% | | |
| Risk-free interest rate (3) | | | 3.2% - 4.2% | | |  | | | 0.1% -1.4% | | |  | | | 1.0% | | |
| Expected life of options (in years) (4) | | | 6.18 - 6.25 | | |  | | | 0.25 - 9.81 | | |  | | | 6.00 | | |

(1) The Company has never declared or paid a cash dividend on its Common Stock and has no plans to pay cash dividends on Common Stock in the foreseeable future.

(2) Volatility is a measure of the amount by which a financial variable such as a share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period. The Company considered the historical volatility of its stock price over a term similar to the expected life of the options in determining expected volatility.

(3)The Company used rates on the grant date of zero-coupon government bonds with maturities over periods covering the term of the awards, converted to continuously compounded forward rates.

(4) This is the period of time that the options granted are expected to remain outstanding. Options under the Company's plans generally have a contractual term of 10 years and generally must be exercised within 30 to 90 days following termination of service.

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A summary of options granted, exercised, forfeited and expired during the years ended December 31, 2022, 2021 and 2020 is included below:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Number of Shares** | | |  | | | **Weighted-Average Exercise Price** | | |
| Options outstanding as of December 31, 2019 | | | 1,538,967 | |  |  | | | $ | 11.27 |  |
| Options granted | | | 50,000 | |  |  | | | 3.67 | |  |
| Options exercised | | | (75,000) | |  |  | | | 1.89 | |  |
| Options forfeited | | | (60,000) | |  |  | | | 5.38 | |  |
| Options expired | | | (456,775) | |  |  | | | 15.92 | |  |
| Options outstanding as of December 31, 2020 | | | 997,192 | |  |  | | | $ | 9.82 |  |
| Options assumed (1) | | | 988,869 | |  |  | | | 1.17 | |  |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| Options expired | | | (203,006) | |  |  | | | 14.83 | |  |
| Options outstanding as of December 31, 2021 | | | 1,783,055 | |  |  | | | $ | 4.45 |  |
| Options granted | | | 948,000 | |  |  | | | 2.50 | |  |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| Options exercised | | | (96,955) | |  |  | | | 1.35 | |  |
| Options forfeited | | | (62,284) | |  |  | | | 7.33 | |  |
| Options expired | | | (287,829) | |  |  | | | 14.57 | |  |
| Options outstanding as of December 31, 2022 | | | 2,283,987 | |  |  | | | $ | 2.42 |  |
| Options exercisable as of December 31, 2022 | | | 1,131,404 | |  |  | | | $ | 2.59 |  |

(1) Excludes 17,514 stock options settled in cash in lieu of the issuance of Common Stock of the Company.

The following table summarizes information about options outstanding, and exercisable, as of December 31, 2022:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
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|  | | |  | | | **Options Outstanding** | | | | | | | | | | | | | | |  | | | **Options Exercisable** | | | | | | | | | | | | | | |
| **Range of Exercise Prices** | | |  | | | **Options Outstanding** | | |  | | | **Weighted Average Exercise Price** | | |  | | | **Weighted Average Remaining Contractual Life (Years)** | | |  | | | **Options Exercisable** | | |  | | | **Weighted Average Exercise Price** | | |  | | | **Weighted Average Remaining Contractual Life (Years)** | | |
| $0.57 - $2.50 | | |  | | | 1,823,627 | |  |  | | | $ | 1.84 |  |  | | | 7.98 | | |  | | | 676,111 | |  |  | | | $ | 1.15 |  |  | | | 5.83 | | |
| $3.21 - $5.38 | | |  | | | 440,935 | |  |  | | | 3.76 | |  |  | | | 6.40 | | |  | | | 435,868 | |  |  | | | 3.75 | |  |  | | | 6.37 | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| $20.11 | | |  | | | 13,368 | |  |  | | | 20.11 | |  |  | | | 0.62 | | |  | | | 13,368 | |  |  | | | 20.11 | |  |  | | | 0.62 | | |
| $40.80 | | |  | | | 6,057 | |  |  | | | 40.80 | |  |  | | | 1.62 | | |  | | | 6,057 | |  |  | | | 40.80 | |  |  | | | 1.62 | | |
|  | | |  | | | 2,283,987 | |  |  | | | $ | 2.42 |  |  | | | 7.62 | | |  | | | 1,131,404 | |  |  | | | $ | 2.59 |  |  | | | 5.96 | | |

The intrinsic value of exercised stock options is calculated based on the difference between the exercise price and the quoted market price of the Company's Common Stock as of the close of the exercise date. The aggregate intrinsic value for options exercised was $0.1 million, zero and $0.1 million for the years ended December 31, 2022, 2021 and 2020, respectively. The aggregate intrinsic value for all options exercisable was $0.1 million, $0.5 million and zero under the Company's stock plans as of December 31, 2022, 2021 and 2020, respectively. The aggregate intrinsic value for all options outstanding was $0.1 million, $2.2 million and zero under the Company's stock plans as of December 31, 2022, 2021 and 2020, respectively.

As of December 31, 2022, the total unrecognized compensation expense related to outstanding, but not yet exercisable, options is $1.7 million, which the Company expects to recognize over a weighted-average vesting period of approximately 3.4 years.

***Stock Awards***

The Company's outstanding stock awards are comprised of RSUs, including time-based, performance-based and market-based RSUs.

During 2022, the Company's Compensation Committee (or Board of Directors, as applicable) approved and awarded 1,738,592 time-based RSUs (of which 679,304 RSUs related to the settlement of an accrued 2021 annual incentive plan liability and vested immediately) and 620,000 market-based RSUs under the 2018 Plan to employees of the Company. The market-based RSUs vest over 10 years and are contingent on certain stock-price hurdles.

During 2021, the Company's Compensation Committee (or Board of Directors, as applicable) approved and awarded 2,464,694 time-based RSUs (of which 1,413,290 RSUs related to the settlement of an accrued 2020 annual incentive plan liability and vested immediately) and 2,127,920 performance-based RSUs under the 2018 Plan to employees and directors of the Company. The performance-based RSUs pertained to awards approved by the Company's Board of Directors as part of the Transactions on January 7, 2021, which awards included the closing of the Transactions as an implied performance condition. Of these performance-based RSUs, 772,686 vested immediately upon the closing of the Transactions. The remaining performance-based RSUs generally vest after one to three years contingent on continued service.

On December 16, 2021, the Company assumed all outstanding RSUs representing the right to receive shares of Shareablee common stock as part of the Merger. Each assumed Shareablee RSU was converted into 0.330437 RSUs of the Company, resulting in 55,702 RSUs of the

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Company. Each assumed Shareablee RSU is otherwise subject to the same terms and conditions (including as to vesting and issuance) as were applicable under the respective Shareablee RSU immediately prior to the Merger.

During 2020, the Company's Compensation Committee approved and awarded 634,570 time-based RSUs (of which 610,590 RSUs related to the settlement of an accrued 2019 annual incentive plan liability and vested immediately).

A summary of the stock awards granted, vested and forfeited during the years ended December 31, 2022, 2021 and 2020 is presented as follows. RSU awards with undelivered shares are classified as unvested until the date of delivery of the shares.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Unvested Stock Awards** | | |  | | | **Restricted Stock Units** | | |  | | | **Weighted Average Grant-Date Fair Value** | | |
|  | | |  | | |  | | |  | | |  | | |
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|  | | |  | | |  | | |  | | |  | | |
| Unvested as of December 31, 2019 | | |  | | | 2,660,236 | |  |  | | | $ | 8.42 |  |
| Granted | | |  | | | 634,570 | |  |  | | | 3.66 | |  |
| Vested | | |  | | | (1,363,152) | |  |  | | | 7.22 | |  |
| Forfeited | | |  | | | (106,417) | |  |  | | | 20.02 | |  |
| Unvested as of December 31, 2020 | | |  | | | 1,825,237 | |  |  | | | $ | 6.99 |  |
| Granted | | |  | | | 4,592,614 | |  |  | | | 3.13 | |  |
| Assumed | | |  | | | 55,702 | |  |  | | | 3.14 | |  |
| Vested | | |  | | | (2,362,963) | |  |  | | | 4.68 | |  |
| Forfeited | | |  | | | (80,347) | |  |  | | | 13.53 | |  |
| Unvested as of December 31, 2021 | | |  | | | 4,030,243 | |  |  | | | $ | 3.76 |  |
| Granted | | |  | | | 2,358,592 | |  |  | | | 2.04 | |  |
| Vested | | |  | | | (1,493,121) | |  |  | | | 4.01 | |  |
| Forfeited | | |  | | | (251,095) | |  |  | | | 6.04 | |  |
| Unvested as of December 31, 2022 | | |  | | | 4,644,619 | |  |  | | | $ | 2.69 |  |
|  | | |  | | |  | | |  | | |  | | |

The aggregate intrinsic value for all unvested RSUs outstanding was $5.4 million, $13.5 million, and $4.5 million as of December 31, 2022, 2021, and 2020, respectively.

As of December 31, 2022, total unrecognized compensation expense related to unvested RSUs was $3.6 million, which the Company expects to recognize over a weighted-average vesting period of approximately 3.9 years.

**6.Debt**

***Revolving Credit Agreement***

On May 5, 2021, the Company entered into a senior secured revolving credit agreement (the "Revolving Credit Agreement") among the Company, as borrower, certain subsidiaries of the Company, as guarantors, Bank of America N.A., as administrative agent (in such capacity, the "Agent"), and the lenders from time to time party thereto.

The Revolving Credit Agreement had an original borrowing capacity equal to $25.0 million and bore interest on borrowings at a Eurodollar Rate (as defined in the Revolving Credit Agreement) that was based on LIBOR. The Company may also request the issuance of letters of credit under the Revolving Credit Agreement in an aggregate amount up to $5.0 million, which reduces the amount of available borrowings by the amount of such issued and outstanding letters of credit. The facility has a maturity of three years from the closing date of the agreement.

On February 25, 2022, the Company entered into an amendment (the "2022 Amendment") to the Revolving Credit Agreement to expand its aggregate borrowing capacity from $25.0 million to $40.0 million. The 2022 Amendment also replaced the Eurodollar Rate with a SOFR-based interest rate and modified the Applicable Rate definition in the Revolving Credit Agreement to increase the Applicable Rate payable on SOFR-based loans to 2.50%.

The 2022 Amendment also modified certain financial covenants under the Revolving Credit Agreement. As of December 31, 2022, the Revolving Credit Agreement required the Company to maintain:

•minimum Consolidated EBITDA (as defined in the Revolving Credit Agreement) of not less than $20.0 million for the most recently ended four fiscal quarter period, tested as of the last day of each fiscal quarter ending on or before December 31, 2022;

•a minimum Consolidated Asset Coverage Ratio (as defined in the Revolving Credit Agreement) of not less than 1.5 to 1.0, tested as of the last day of each fiscal quarter ending on or before December 31, 2022; and

•a minimum Consolidated Fixed Charge Coverage Ratio (as defined in the Revolving Credit Agreement) of not less than 1.25 to 1.0 for the most recently ended four fiscal quarter period, tested as of the last day of each fiscal quarter ending on or after March 31, 2023.

On February 24, 2023, the Company entered into an additional amendment (the "2023 Amendment") to the Revolving Credit Agreement that modified the financial covenants set forth above, introduced a minimum liquidity covenant, and increased the Applicable Rate payable on SOFR-based loans. Refer to [Footnote 16](#i0047531bd13046b986557e31951e34f8_163), *Subsequent Events* for additional information about the 2023 Amendment.

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The Revolving Credit Agreement contains restrictive covenants that limit the Company's ability to, among other things, incur additional indebtedness or liens, make investments and loans, enter into mergers and acquisitions, make or declare dividends and other payments, enter into certain contracts, sell assets and engage in transactions with affiliates. The Revolving Credit Agreement is also subject to customary events of default, including a change in control. If an event of default occurs and is continuing, the Agent or the Required Lenders may accelerate any amounts outstanding and terminate lender commitments. The Company was in compliance with the covenants under the Revolving Credit Agreement as of December 31, 2022.

The Revolving Credit Agreement is guaranteed by the Company and its domestic subsidiaries (other than Excluded Subsidiaries (as defined in the Revolving Credit Agreement)) and is secured by a first lien security interest in substantially all assets of the Company and its domestic subsidiaries (other than Excluded Subsidiaries), subject to certain customary exclusions.

As of December 31, 2022, the Company had outstanding borrowings of $16.0 million, and issued and outstanding letters of credit of $3.4 million, under the amended Revolving Credit Agreement, with remaining borrowing capacity of $20.6 million.

***Senior Secured Convertible Notes and Financing Derivatives***

During 2018, the Company entered into certain agreements with funds affiliated with or managed by Starboard Value LP (collectively, "Starboard"), pursuant to which the Company issued and sold to Starboard a total of $204.0 million in Notes, as well as warrants to purchase shares of the Company's Common Stock. The warrants were exercised in full by Starboard in 2019.

The Notes contained, among other features, an interest rate reset feature which the Company determined represented an embedded derivative that must be bifurcated and accounted for separately from the Notes. This feature reset the interest rate on the Notes based on the trading price of the Company's Common Stock.

Interest on the Notes was payable on a quarterly basis in arrears, at the option of the Company, in cash, or, subject to certain conditions, through the issuance by the Company of additional shares of Common Stock ("PIK Interest Shares"). On January 25, 2021, the Company paid quarterly accrued interest of $6.1 million through the issuance of 2,802,454 PIK Interest Shares.

In connection with the Transactions described in [Footnote 5](#i0047531bd13046b986557e31951e34f8_115), *Convertible Redeemable Preferred Stock and Stockholders' Equity*, the Company used cash proceeds of $204.0 million from the issuance of shares of its Preferred Stock to extinguish the Notes and related financing derivatives on March 10, 2021. The Company also issued 3,150,000 additional shares to Starboard (the "Conversion Shares"), as additional creditor consideration, which were valued at $9.6 million. Lastly, the Company paid interest accrued of $4.7 million for the period from January 1, 2021 to March 10, 2021 through the issuance of 1,363,327 PIK Interest Shares.

The Company recorded a loss on extinguishment of the Notes of $9.3 million for the three months ended March 31, 2021.

***Failed Sale-Leaseback Transaction***

In June 2019, the Company entered into a sale-leaseback arrangement with a vendor to provide $4.3 million in cash proceeds for previously acquired computer and other equipment. The arrangement was repayable over a 24-month term for total consideration of $4.8 million, with control of the equipment transferring to the vendor at the end of the leaseback term. The leaseback would have been classified as a financing lease. The transaction was deemed a failed sale-leaseback and was accounted for as a financing arrangement. Repayments were allocated between interest expense and a reduction of the financing liability, and the assets continued to depreciate over their useful lives.

In June 2021, the Company extended the sale-leaseback arrangement for an additional 24-month term. The leaseback extension continued to meet the criteria to be accounted for as a financing arrangement. The present value of cash flows after the extension differed by more than 10% from the present value of the remaining cash flows immediately prior to the extension. Therefore, the Company concluded the extension should be accounted for as an extinguishment of the existing financing liability. The fair value of the new financing liability as of June 30, 2021 was $0.9 million, which was estimated using an income approach and a discount rate of 7.5%.

The financing liability is included within other current and other non-current liabilities on the Consolidated Balance Sheet as of December 31, 2022, with $0.3 million classified as current and none classified as non-current.

Remaining future cash payments related to the financing liability under the failed sale-leaseback transaction total $0.3 million as of December 31, 2022, and are scheduled to be paid in monthly installments through June 2023.

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**7.Fair Value Measurements**

**Fair Value Measurements on a Recurring Basis**

The Company's financial instruments measured at fair value in its Consolidated Balance Sheets on a recurring basis consist of the following:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  | | | **As of** | | | | | | | | | | | | | | | | | | | | |  | | | **As of** | | | | | | | | | | | | | | | | | | | | |
|  | | | **December 31, 2022** | | | | | | | | | | | | | | | | | | | | |  | | | **December 31, 2021** | | | | | | | | | | | | | | | | | | | | |
| *(In thousands)* | | | **Level 1** | | |  | | | **Level 2** | | |  | | | **Level 3** | | |  | | | **Total** | | |  | | | **Level 1** | | |  | | | **Level 2** | | |  | | | **Level 3** | | |  | | | **Total** | | |
| **Assets** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Money market funds (1) | | | $ | 2,455 |  |  | | | $ | — |  |  | | | $ | — |  |  | | | $ | 2,455 |  |  | | | $ | 2,429 |  |  | | | $ | — |  |  | | | $ | — |  |  | | | $ | 2,429 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Liabilities** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Warrants liability (2) | | | $ | — |  |  | | | $ | — |  |  | | | $ | 718 |  |  | | | $ | 718 |  |  | | | $ | — |  |  | | | $ | — |  |  | | | $ | 10,520 |  |  | | | $ | 10,520 |  |
| Contingent consideration liability (3) | | | — | |  |  | | | 8,158 | |  |  | | | — | |  |  | | | 8,158 | |  |  | | | — | |  |  | | | — | |  |  | | | 5,600 | |  |  | | | $ | 5,600 |  |
| **Total** | | | $ | — |  |  | | | $ | 8,158 |  |  | | | $ | 718 |  |  | | | $ | 8,876 |  |  | | | $ | — |  |  | | | $ | — |  |  | | | $ | 16,120 |  |  | | | $ | 16,120 |  |

(1) Level 1 cash equivalents are invested in money market funds that are intended to maintain a stable net asset value of $1.00 per share by investing in liquid, high quality U.S. Dollar-denominated money market instruments with maturities less than three months.

(2) Warrants liability includes only the Series A warrants as of December 31, 2022 and 2021.

(3) The contingent consideration was recognized as part of the acquisition described in [Footnote 3](#i0047531bd13046b986557e31951e34f8_103), *Business Combination*. The current and non-current portions of the contingent consideration are $7.1 million and $1.0 million, respectively, and are classified within other current and non-current liabilities in the Consolidated Balance Sheets.

The elimination of the option pricing model used to value the contingent consideration liability reflected a change in the Company's valuation technique during the three months ended June 30, 2022. There were no other changes to the Company's valuation techniques or methodologies during the years ended December 31, 2022 or 2021, respectively.

The following tables present the changes in the Company's recurring Level 3 fair value measurements for the warrants liability, contingent consideration, financing derivatives and interest make-whole derivative for the years ended December 31, 2022 and 2021:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *(In thousands)* | | | **Warrants Liability** | | |  | | | **Contingent Consideration Liability** | | |  | | | **Financing Derivatives** | | |  | | | **Interest Make-whole Derivative** | | |
| **Balance as of December 31, 2020** | | | $ | 2,831 |  |  | | | $ | — |  |  | | | $ | 11,300 |  |  | | | $ | 871 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Total (gain) loss included in other income (expense), net(1) | | | 7,689 | |  |  | | | — | |  |  | | | (1,800) | |  |  | | | 150 | |  |
| Settlement or derecognition upon extinguishment of host debt | | | — | |  |  | | | — | |  |  | | | (9,500) | |  |  | | | (1,021) | |  |
| Initial recognition and measurement | | | — | |  |  | | | 5,600 | |  |  | | | — | |  |  | | | — | |  |
| **Balance as of December 31, 2021** | | | $ | 10,520 |  |  | | | $ | 5,600 |  |  | | | $ | — |  |  | | | $ | — |  |
| Total gain included in other income (expense), net(1) | | | (9,802) | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |
| Total loss recognized due to remeasurement (1) | | | — | |  |  | | | 2,348 | |  |  | | | — | |  |  | | | — | |  |
| Transfer to Level 2 (2) | | | — | |  |  | | | (7,948) | |  |  | | | — | |  |  | | | — | |  |
| **Balance as of December 31, 2022** | | | $ | 718 |  |  | | | $ | — |  |  | | | $ | — |  |  | | | $ | — |  |

(1) All gains and losses were recorded in other income (expense), net in the Consolidated Statements of Operations and Comprehensive Loss.

(2) The transfer was due to the resolution of the contingency regarding the amount of consideration payable during the three months ended June 30, 2022. Transfers between levels of the fair value hierarchy are recognized at the beginning of the reporting period.

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The following table displays the valuation technique and the significant inputs, certain of which are unobservable, for the Company's Level 3 liabilities that existed as of December 31, 2022 and 2021 that are measured at fair value on a recurring basis.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Fair value measurements** | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | | **Valuation Technique** | | | | | |  | | | **Significant Inputs** | | | | | |  | | | **December 31, 2022** | | |  | | | **December 31, 2021** | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  |  |  |  |  |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  |  |  |  |  |  |
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|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  |  |  |  |  |  |
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|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  |  |  |  |  |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  |  |  |  |  |  |
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|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  |  |  |  |  |  |
| Warrants liability | | | Option pricing | | | | | |  | | | Stock price | | | | | |  | | | $1.16 | | |  | | | $3.34 | | |
|  | | |  | | | | | |  | | | Exercise price | | | | | |  | | | $2.47 | | |  | | | $2.47 | | |
|  | | |  | | | | | |  | | | Volatility | | | | | |  | | | 65.0% | | |  | | | 85.0% | | |
|  | | |  | | | | | |  | | | Term | | | | | |  | | | 1.49 years | | |  | | | 2.49 years | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  |  |  |  |  |  |
|  | | |  | | | | | |  | | | Risk-free rate | | | | | |  | | | 4.6% | | |  | | | 0.9% | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  |  |  |  |  |  |
|  | | |  | | | | | |  | | |  | | | | | |  | | |  | | |  | | |  | | |
| Contingent consideration liability | | | Combination (1) | | | | | |  | | | Product credit | | | | | |  | | | — | | |  | | | $10.7 million | | |
|  | | |  | | | | | |  | | | Revenue volatility | | | | | |  | | | — | | |  | | | 21.0% | | |
|  | | |  | | | | | |  | | | Risk premium | | | | | |  | | | — | | |  | | | 8.4% | | |
|  | | |  | | | | | |  | | | Term | | | | | |  | | | — | | |  | | | 1.04 years | | |
|  | | |  | | | | | |  | | | Cost of debt | | | | | |  | | | — | | |  | | | 4.4% | | |

(1) The selected weightings for the option pricing model and discounted cash flow model outcomes were 70.0% and 30.0% respectively, as of December 31, 2021. The contingent consideration liability was transferred to Level 2 in 2022 and therefore, input and weightings are not applicable as of December 31, 2022. Refer to [Footnote 2](#i0047531bd13046b986557e31951e34f8_94), *Summary of Significant Accounting Policies* for further information on the valuation technique.

The primary sensitivities in the valuation of the warrants liability are driven by the price and expected volatility of the Company's Common Stock at the valuation date.

The primary sensitivities in the valuation of contingent consideration model are driven by forecasted performance and the selected weighting of the model. The primary sensitivities in the discounted cash flow model are the cost of debt and the selected weighting of the model.

**Fair Value Measurements on a Nonrecurring Basis**

For the year ended December 31, 2022, the Company recorded a goodwill impairment charge of $46.3 million. Refer to [Footnote 10](#i0047531bd13046b986557e31951e34f8_142), *Goodwill* for further details. The remeasurement of goodwill is classified as a non-recurring Level 3 fair value assessment due to the significance of unobservable inputs developed in the determination of the fair value. The Company used a discounted cash flow model to determine the estimated fair value of the reporting unit. The Company made estimates and assumptions regarding future cash flows, discount rates, long-term growth rates and market values to determine the reporting unit's estimated fair value. It is possible that future changes in such circumstances, or in the variables associated with the judgments, assumptions and estimates used in assessing the fair value of the reporting unit, would require the Company to record additional non-cash impairment charges.

**8.Property and Equipment**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **As of December 31,** | | | | | | | | |
| *(In thousands)* | | |  | | | **2022** | | |  | | | **2021** | | |
| Computer equipment | | |  | | | $ | 64,653 |  |  | | | $ | 85,847 |  |
| Capitalized internal-use software | | |  | | | 72,672 | |  |  | | | 55,428 | |  |
| Leasehold improvements | | |  | | | 15,456 | |  |  | | | 15,594 | |  |
| Computer software (including software license arrangements of $1,365 in 2022 and $1,072 in 2021) | | |  | | | 8,400 | |  |  | | | 8,864 | |  |
| Finance leases | | |  | | | 9,918 | |  |  | | | 8,886 | |  |
| Office equipment, furniture, and other | | |  | | | 5,164 | |  |  | | | 5,347 | |  |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |
| Total property and equipment | | |  | | | 176,263 | |  |  | | | 179,966 | |  |
| Less: accumulated depreciation and amortization (including software license arrangements of $1,243 in 2022 and $1,072 in 2021) | | |  | | | (139,896) | |  |  | | | (143,515) | |  |
| Total property and equipment, net | | |  | | | $ | 36,367 |  |  | | | $ | 36,451 |  |

For the years ended December 31, 2022, 2021, and 2020, depreciation expense was $16.8 million, $15.8 million and $14.1 million, respectively. In addition, amortization expense from finance leases was $2.4 million, $2.2 million and $1.7 million for the years ended December 31, 2022, 2021, and 2020, respectively.

Of the Company's property and equipment, net, 98% was located in the United States as of December 31, 2022 and 2021.

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**9.Leases**

The Company has operating leases for real estate and finance leases for computer equipment and automobiles. These leases have remaining lease terms of one year to five years, some of which include options to extend the leases for up to five years, and some of which include options to terminate the leases within one year. As of December 31, 2022, the weighted average remaining lease term for the Company's finance leases and operating leases was 1.6 years and 4.4 years, respectively. As of December 31, 2022, the weighted average discount rate for the Company's finance leases and operating leases was 9.4% and 11.3%, respectively.

The components of lease cost were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | | | | | | |  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
| *(In thousands)* | | | | | | | | |  | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| **Finance lease cost** | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Amortization of right-of-use assets | | | | | | | | |  | | | $ | 2,364 |  |  | | | $ | 2,188 |  |  | | | $ | 1,652 |  |
| Interest on lease liabilities | | | | | | | | |  | | | 338 | |  |  | | | 440 | |  |  | | | 501 | |  |
| Total finance lease cost | | | | | | | | |  | | | $ | 2,702 |  |  | | | $ | 2,628 |  |  | | | $ | 2,153 |  |
|  | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Operating lease cost** | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Fixed lease cost | | | | | | | | |  | | | $ | 11,174 |  |  | | | $ | 11,212 |  |  | | | $ | 12,057 |  |
| Short-term lease cost | | | | | | | | |  | | | 150 | |  |  | | | 336 | |  |  | | | 824 | |  |
| Variable lease cost | | | | | | | | |  | | | 1,369 | |  |  | | | 1,622 | |  |  | | | 1,926 | |  |
| Sublease income | | | | | | | | |  | | | (2,572) | |  |  | | | (2,530) | |  |  | | | (2,579) | |  |
| Total operating lease cost | | | | | | | | |  | | | $ | 10,121 |  |  | | | $ | 10,640 |  |  | | | $ | 12,228 |  |

Lease costs, net of sublease income, are reflected in the Consolidated Statements of Operations and Comprehensive Loss as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | | | | | | |  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
| *(In thousands)* | | | | | | | | |  | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| **Amortization of right-of-use assets** | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Cost of revenues | | | | | | | | |  | | | $ | 1,747 |  |  | | | $ | 1,617 |  |  | | | $ | 1,212 |  |
| Selling and marketing | | | | | | | | |  | | | 263 | |  |  | | | 243 | |  |  | | | 176 | |  |
| Research and development | | | | | | | | |  | | | 216 | |  |  | | | 200 | |  |  | | | 175 | |  |
| General and administrative | | | | | | | | |  | | | 138 | |  |  | | | 128 | |  |  | | | 89 | |  |
| Total amortization of right-of-use assets | | | | | | | | |  | | | $ | 2,364 |  |  | | | $ | 2,188 |  |  | | | $ | 1,652 |  |
|  | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Operating lease cost** | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Cost of revenues | | | | | | | | |  | | | $ | 3,030 |  |  | | | $ | 3,126 |  |  | | | $ | 3,532 |  |
| Selling and marketing | | | | | | | | |  | | | 3,391 | |  |  | | | 3,461 | |  |  | | | 4,009 | |  |
| Research and development | | | | | | | | |  | | | 2,382 | |  |  | | | 2,367 | |  |  | | | 2,609 | |  |
| General and administrative | | | | | | | | |  | | | 1,318 | |  |  | | | 1,686 | |  |  | | | 2,078 | |  |
| Total operating lease cost | | | | | | | | |  | | | $ | 10,121 |  |  | | | $ | 10,640 |  |  | | | $ | 12,228 |  |

Maturities of operating and finance lease liabilities as of December 31, 2022 were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
| *(In thousands)* | | | **Operating Leases** | | |  | | | **Finance Leases** | | |
| 2023 | | | $ | 11,296 |  |  | | | $ | 1,900 |  |
| 2024 | | | 10,291 | |  |  | | | 1,153 | |  |
| 2025 | | | 9,745 | |  |  | | | — | |  |
| 2026 | | | 9,881 | |  |  | | | — | |  |
| 2027 | | | 5,709 | |  |  | | | — | |  |
| Thereafter | | | 80 | |  |  | | | — | |  |
| Total lease payments | | | 47,002 | |  |  | | | 3,053 | |  |
| Less: imputed interest | | | (9,775) | |  |  | | | (201) | |  |
|  | | |  | | |  | | |  | | |
| Total lease liabilities | | | 37,227 | |  |  | | | 2,852 | |  |
| Less: current lease liabilities | | | (7,639) | |  |  | | | (1,808) | |  |
| Total non-current lease liabilities | | | $ | 29,588 |  |  | | | $ | 1,044 |  |

As of December 31, 2022, the Company subleases six real estate properties. One sublease has a non-cancelable term of less than one year. The remaining five subleases are non-cancelable and have remaining lease terms of one year to five years. None of these subleases contain any

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options to renew or terminate the sublease agreement. Future expected cash receipts from these subleases as of December 31, 2022 were as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| *(In thousands)* | | | **Sublease Receipts** | | |
| 2023 | | | $ | 1,791 |  |
| 2024 | | | 1,686 | |  |
| 2025 | | | 1,566 | |  |
| 2026 | | | 1,537 | |  |
| 2027 | | | 825 | |  |
| Thereafter | | | — | |  |
| Total expected sublease receipts | | | $ | 7,405 |  |

**10.Goodwill and Intangible Assets**

In 2022, the Company concluded that it was more likely than not that the estimated fair value of its reporting unit was less than its carrying value. In its assessment, the Company considered the decline in the Company's stock price and market capitalization, among other factors. Accordingly, in conjunction with its annual test as of October 1, 2022, the Company performed a quantitative goodwill impairment test as of September 30, 2022, relying in part on the work of an independent valuation firm engaged by the Company to provide inputs as to the fair value of the reporting unit and to assist in the related calculations and analysis.

The fair value of the reporting unit was determined using a discounted cash flow model, supported by a market value approach. The Company's reporting unit failed the goodwill impairment test and as a result, the Company recorded a $46.3 million impairment charge.

The change in the carrying value of goodwill is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| *(In thousands)* | | |  | | |
|  | | |  | | |
|  | | |  | | |
|  | | |  | | |
| Balance as of December 31, 2020 | | | $ | 418,327 |  |
| Goodwill recognized from acquisition | | | 19,202 | |  |
| Translation adjustments | | | (1,818) | |  |
| Balance as of December 31, 2021 | | | $ | 435,711 |  |
| Translation adjustments | | | (1,438) | |  |
| Impairment charge | | | (46,300) | |  |
| Balance as of December 31, 2022 | | | $ | 387,973 |  |

The carrying values of the Company's definite-lived intangible assets are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | |  | | |  | | |  | | |  | | |  | |
|  | | |  | | | **As of** | | | | | | | | | | | | |  | **As of** | | | | | | | | | | | | | | |  | | |  | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **December 31, 2022** | | | | | | | | | | | | |  | **December 31, 2021** | | | | | | | | | | | | | | |  | | |  | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *(In thousands)* | | |  | | | **Gross Carrying Amount** | | |  | | | **Accumulated Amortization** | | |  | | |  |  | **Net Carrying Amount** | | |  | | | **Gross Carrying Amount** | | |  | | | **Accumulated Amortization** | | |  | | | **Net Carrying Amount** | | |  | | |  | | |  | | |  | | |  | | |  | |
| Acquired methodologies and technology | | |  | | | $ | 154,388 |  |  | | | $ | (147,887) |  |  | | |  |  | $ | 6,501 |  |  | | | $ | 154,436 |  |  | | | $ | (126,743) |  |  | | | $ | 27,693 |  |  | | |  | | |  | | |  | | |  | | |  | |
| Customer relationships | | |  | | | 46,557 | |  |  | | | (40,932) | |  |  | | |  |  | 5,625 | |  |  | | | 46,680 | |  |  | | | (35,586) | |  |  | | | 11,094 | |  |  | | |  | | |  | | |  | | |  | | |  | |
| Intellectual property | | |  | | | 14,356 | |  |  | | | (13,633) | |  |  | | |  |  | 723 | |  |  | | | 14,377 | |  |  | | | (13,219) | |  |  | | | 1,158 | |  |  | | |  | | |  | | |  | | |  | | |  | |
| Acquired software | | |  | | | 9,765 | |  |  | | | (9,287) | |  |  | | |  |  | 478 | |  |  | | | 9,287 | |  |  | | | (9,287) | |  |  | | | — | |  |  | | |  | | |  | | |  | | |  | | |  | |
| Panel | | |  | | | 3,084 | |  |  | | | (3,084) | |  |  | | |  |  | — | |  |  | | | 3,134 | |  |  | | | (3,134) | |  |  | | | — | |  |  | | |  | | |  | | |  | | |  | | |  | |
| Trade names | | |  | | | 753 | |  |  | | | (753) | |  |  | | |  |  | — | |  |  | | | 753 | |  |  | | | (753) | |  |  | | | — | |  |  | | |  | | |  | | |  | | |  | | |  | |
|  | | |  | | |  | | |  | | |  | | |  | | |  |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | |
| Other | | |  | | | 600 | |  |  | | | (600) | |  |  | | |  |  | — | |  |  | | | 600 | |  |  | | | (600) | |  |  | | | — | |  |  | | |  | | |  | | |  | | |  | | |  | |
| Total intangible assets | | |  | | | $ | 229,503 |  |  | | | $ | (216,176) |  |  | | |  |  | $ | 13,327 |  |  | | | $ | 229,267 |  |  | | | $ | (189,322) |  |  | | | $ | 39,945 |  |  | | |  | | |  | | |  | | |  | | |  | |

Amortization expense related to intangible assets was $27.1 million, $25.0 million, and $27.2 million for the years ended December 31, 2022, 2021, and 2020, respectively.

Of the Company's definite-lived intangible assets, net, substantially all were generated by or located in the United States as of December 31, 2022 and 2021.

The weighted-average remaining amortization period by major asset class as of December 31, 2022 is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  | | | ***(In years)*** | | |
| Acquired methodologies and technology | | | 3.0 | | |
| Acquired software | | | 2.0 | | |
| Customer relationships | | | 3.8 | | |
| Intellectual property | | | 1.7 | | |
|  | | |  | | |
|  | | |  | | |
|  | | |  | | |
|  | | |  | | |
|  | | |  | | |
|  | | |  | | |

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The estimated future amortization of intangible assets is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  | | | ***(In thousands)*** | | |
| 2023 | | | $ | 5,213 |  |
| 2024 | | | 3,057 | |  |
| 2025 | | | 2,529 | |  |
| 2026 | | | 2,528 | |  |
|  | | |  | | |
| Thereafter | | | — | |  |
|  | | |  | | |
| Total | | | $ | 13,327 |  |

**11.Accrued Expenses**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **As of December 31,** | | | | | | | | |
| *(In thousands)* | | |  | | | **2022** | | |  | | | **2021** | | |
|  | | |  | | |  | | |  | | |  | | |
| Accrued data costs | | |  | | | $ | 18,515 |  |  | | | $ | 18,116 |  |
| Payroll and payroll-related | | |  | | | 15,118 | |  |  | | | 16,272 | |  |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |
| Professional fees | | |  | | | 2,410 | |  |  | | | 2,978 | |  |
| Restructuring accrual | | |  | | | 1,288 | |  |  | | | — | |  |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |
| Other | | |  | | | 6,062 | |  |  | | | 7,898 | |  |
|  | | |  | | |  | | |  | | |  | | |
| Total accrued expenses | | |  | | | $ | 43,393 |  |  | | | $ | 45,264 |  |

**12.Commitments and Contingencies**

***Commitments***

The Company has certain long-term contractual arrangements that have fixed and determinable payment obligations including unconditional purchase obligations with MVPDs and other providers for set-top box and connected (Smart) television data. These agreements have remaining terms from one to eight years. As of December 31, 2022, the total fixed payment obligations related to set-top box and connected television data agreements are $299.7 million and $8.3 million, respectively. The information set forth below summarizes the contractual obligations, by year, as of December 31, 2022:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  | | | ***(In thousands)*** | | |
| 2023 | | | $ | 36,111 |  |
| 2024 | | | 29,966 | |  |
| 2025 | | | 29,756 | |  |
| 2026 | | | 37,006 | |  |
| 2027 | | | 37,506 | |  |
| Thereafter | | | 137,699 | |  |
| Total | | | $ | 308,044 |  |

In addition, the Company expects to make variable payments related to a set-top box data agreement totaling an estimated $8.8 million by the end of 2023.

***Contingencies***

The Company is involved in various legal proceedings from time to time. The Company establishes reserves for specific legal proceedings when management determines that the likelihood of an unfavorable outcome is probable, and the amount of loss can be reasonably estimated. The Company has also identified certain other legal matters where an unfavorable outcome is reasonably possible and/or for which no estimate of possible losses can be made. In these cases, the Company does not establish a reserve until it can reasonably estimate the loss. Legal fees are expensed as incurred. The outcomes of legal proceedings are inherently unpredictable, subject to significant uncertainties, and could be material to the Company's operating results and cash flows for a particular period.

**Current Matters**

The Company is, and may become, a party to a variety of legal proceedings from time to time that arise in the normal course of the Company's business. While the results of such legal proceedings cannot be predicted with certainty, management believes that, based on current knowledge, the final outcome of any such current pending matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows. Regardless of the outcome, legal proceedings can have an adverse effect on the Company because of defense costs, diversion of management resources and other factors.

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**Indemnification**

The Company has entered into indemnification agreements with each of the Company's directors and certain officers, and the Company's amended and restated certificate of incorporation requires it to indemnify each of its directors and officers, to the fullest extent permitted by Delaware law, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he or she is or was a director or officer of the Company. The Company has paid and may in the future pay legal counsel fees incurred by current and former directors and officers who are involved in legal proceedings that require indemnification.

Similarly, certain of the Company's commercial contracts require it to indemnify contract counterparties under specified circumstances, and the Company may incur legal counsel fees and other costs in connection with these obligations.

**13.Income Taxes**

The components of loss before income tax provision are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
| *(In thousands)* | | |  | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| Domestic | | |  | | | $ | (69,981) |  |  | | | $ | (53,202) |  |  | | | $ | (44,010) |  |
| Foreign | | |  | | | 5,144 | |  |  | | | 4,024 | |  |  | | | (3,006) | |  |
| Total | | |  | | | $ | (64,837) |  |  | | | $ | (49,178) |  |  | | | $ | (47,016) |  |

Income tax provision is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
| *(In thousands)* | | |  | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| **Current**: | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Federal | | |  | | | $ | 51 |  |  | | | $ | — |  |  | | | $ | — |  |
| State | | |  | | | 227 | |  |  | | | 405 | |  |  | | | 45 | |  |
| Foreign | | |  | | | 1,921 | |  |  | | | 2,173 | |  |  | | | 847 | |  |
| Total | | |  | | | $ | 2,199 |  |  | | | $ | 2,578 |  |  | | | $ | 892 |  |
| **Deferred**: | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Federal | | |  | | | $ | 8 |  |  | | | $ | (1,538) |  |  | | | $ | 101 |  |
| State | | |  | | | 16 | |  |  | | | 198 | |  |  | | | 238 | |  |
| Foreign | | |  | | | (499) | |  |  | | | (379) | |  |  | | | (329) | |  |
| Total | | |  | | | $ | (475) |  |  | | | $ | (1,719) |  |  | | | $ | 10 |  |
| Income tax provision | | |  | | | $ | 1,724 |  |  | | | $ | 859 |  |  | | | $ | 902 |  |

A reconciliation of the statutory U.S. income tax rate to the effective income tax rate is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
|  | | |  | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| Statutory federal tax rate | | |  | | | 21.0 | | % |  | | | 21.0 | | % |  | | | 21.0 | | % |
| State taxes | | |  | | | (0.3) | | % |  | | | (1.5) | | % |  | | | (0.5) | | % |
| Other nondeductible/nontaxable items | | |  | | | 3.7 | | % |  | | | (3.6) | | % |  | | | — | | % |
| Nondeductible interest and derivatives | | |  | | | — | | % |  | | | (5.9) | | % |  | | | (9.7) | | % |
| Foreign rate differences | | |  | | | (0.4) | | % |  | | | (1.2) | | % |  | | | (1.8) | | % |
| Change in valuation allowance | | |  | | | (10.7) | | % |  | | | (16.1) | | % |  | | | 5.9 | | % |
| Stock compensation | | |  | | | (2.3) | | % |  | | | (3.8) | | % |  | | | (5.5) | | % |
| Executive compensation | | |  | | | (0.1) | | % |  | | | (0.7) | | % |  | | | (0.1) | | % |
| Goodwill impairment | | |  | | | (11.8) | | % |  | | | — | | % |  | | | — | | % |
| U.S. tax impact of restructuring | | |  | | | — | | % |  | | | 10.3 | | % |  | | | (14.4) | | % |
| Other adjustments | | |  | | | (1.7) | | % |  | | | (0.2) | | % |  | | | 1.1 | | % |
| Uncertain tax positions | | |  | | | (0.1) | | % |  | | | — | | % |  | | | 2.1 | | % |
| Effective tax rate | | |  | | | (2.7) | | % |  | | | (1.7) | | % |  | | | (1.9) | | % |

*Income Tax Provision*

The Company recognized income tax expense of $1.7 million during the year ended December 31, 2022, which is primarily comprised of current tax expense of $2.2 million related to foreign taxes and state taxes and a deferred tax benefit of $0.5 million related to temporary differences between the tax treatment and GAAP accounting treatment for certain items. Included in total tax expense is income tax benefit of $2.6 million for permanent differences in the book and tax treatment of nontaxable gain on fair market value adjustment of stock warrants, offset by certain nondeductible stock-based compensation and executive compensation. Also included in the total tax expense is income tax

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adjustment of $12.7 million related to the impairment of goodwill. Income tax expense of $18.5 million has also been included for an increase in the valuation allowance recorded against the Company's deferred tax assets to offset the tax benefit of the Company's operating losses in the U.S. and certain foreign jurisdictions. These tax adjustments, along with state and local taxes and book losses in foreign jurisdictions where the income tax rate is substantially lower than the U.S. federal statutory rate, are the primary drivers of the annual effective income tax rate.

The Company recognized income tax expense of $0.9 million during the year ended December 31, 2021, which is primarily comprised of current tax expense of $2.2 million related to foreign taxes and a federal deferred tax benefit of $1.5 million related to temporary differences between the tax treatment and GAAP accounting treatment for certain items. Included in total tax expense are income tax adjustments of $9.2 million for permanent differences in the book and tax treatment of certain stock-based compensation, limitations on the deductibility of certain executive compensation, and nondeductible interest expense on debt instruments and associated derivatives. Also included is a favorable return to provision true-up adjustment of $8.3 million for a prior year permanent difference related to foreign earnings taxable in the U.S. as a result of a tax restructuring that occurred during 2020. Income tax expense of $16.3 million has also been included for an increase in the valuation allowance recorded against the Company's deferred tax assets to offset the tax benefit of the Company's operating losses in the U.S. and certain foreign jurisdictions. This increase was offset by an income tax benefit of $2.8 million related to the release of the portion of the Company's valuation allowance as a result of the Shareablee acquisition. These tax adjustments, along with state and local taxes and book losses in foreign jurisdictions where the income tax rate is substantially lower than the U.S. federal statutory rate, are the primary drivers of the annual effective income tax rate.

The Company recognized income tax expense of $0.9 million during the year ended December 31, 2020, which is primarily comprised of current tax expense of $0.8 million related to foreign taxes. Included in total tax expense are income tax adjustments of $8.9 million for permanent differences in the book and tax treatment of certain stock-based compensation, limitations on the deductibility of certain executive compensation, and nondeductible interest expense on debt instruments and associated derivatives. Also included is an adjustment of $11.2 million for a permanent difference related to foreign earnings taxable in the U.S. as a result of a tax restructuring that occurred during the year. These tax adjustments, along with state and local taxes and book losses in foreign jurisdictions where the income tax rate is substantially lower than the U.S. federal statutory rate, are the primary drivers of the annual effective income tax rate.

*Deferred Income Taxes*

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax reporting purposes. The components of net deferred income taxes are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **As of December 31,** | | | | | | | | |
| *(In thousands)* | | |  | | | **2022** | | |  | | | **2021** | | |
| Deferred tax assets: | | |  | | |  | | |  | | |  | | |
| Net operating loss carryforwards | | |  | | | $ | 203,738 |  |  | | | $ | 210,235 |  |
| Lease liability | | |  | | | 13,500 | |  |  | | | 15,909 | |  |
| Deferred revenues | | |  | | | 20,711 | |  |  | | | 20,001 | |  |
| Deferred compensation | | |  | | | 4,829 | |  |  | | | 5,672 | |  |
| Accrued salaries and benefits | | |  | | | 2,533 | |  |  | | | 3,120 | |  |
| Tax credits | | |  | | | 2,187 | |  |  | | | 2,187 | |  |
| Tax contingencies | | |  | | | 1,225 | |  |  | | | 1,160 | |  |
| Allowance for doubtful accounts | | |  | | | 151 | |  |  | | | 311 | |  |
| Capital loss carryforwards | | |  | | | 271 | |  |  | | | 269 | |  |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |
| Intangible assets | | |  | | | 3,640 | |  |  | | | — | |  |
| Capitalized research and development expense | | |  | | | 14,490 | |  |  | | | — | |  |
| Other | | |  | | | 2,665 | |  |  | | | 2,307 | |  |
| Gross deferred tax assets | | |  | | | $ | 269,940 |  |  | | | $ | 261,171 |  |
| Valuation allowance | | |  | | | (250,994) | |  |  | | | (233,843) | |  |
| Net deferred tax assets | | |  | | | $ | 18,946 |  |  | | | $ | 27,328 |  |
| Deferred tax liabilities: | | |  | | |  | | |  | | |  | | |
| Lease asset | | |  | | | $ | (7,855) |  |  | | | $ | (9,517) |  |
| Property and equipment | | |  | | | (3,988) | |  |  | | | (7,312) | |  |
| Intangible assets | | |  | | | — | |  |  | | | (4,357) | |  |
| Subpart F income recapture | | |  | | | (1,248) | |  |  | | | (1,222) | |  |
| Goodwill | | |  | | | (4,660) | |  |  | | | (4,136) | |  |
| Other | | |  | | | (40) | |  |  | | | (76) | |  |
| Total deferred tax liabilities | | |  | | | $ | (17,791) |  |  | | | $ | (26,620) |  |
| Net deferred tax asset | | |  | | | $ | 1,155 |  |  | | | $ | 708 |  |

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*Tax Valuation Allowance*

As of December 31, 2022, and 2021, the Company had a valuation allowance of $251.0 million and $233.8 million, respectively, against certain deferred tax assets. The valuation allowance relates to the deferred tax assets of the Company's U.S. entities, including federal and state tax attributes and timing differences, as well as the deferred tax assets of certain foreign subsidiaries. The increase in the valuation allowance during 2022 is primarily related to capitalized R&E expenditures under Section 174. The increase in the valuation allowance during 2021 is primarily related to the pre-tax losses generated in the U.S., offset by the valuation allowance release as a result of the Shareablee acquisition mentioned above. To the extent the Company determines that, based on the weight of available evidence, all or a portion of its valuation allowance is no longer necessary, the Company will recognize an income tax benefit in the period such determination is made for the reversal of the valuation allowance. If management determines that, based on the weight of available evidence, it is more-likely-than-not that all or a portion of the net deferred tax assets will not be realized, the Company may recognize income tax expense in the period such determination is made to increase the valuation allowance. It is possible that such reduction of or addition to the Company's valuation allowance may have a material impact on the Company's results from operations.

A summary of the deferred tax asset valuation allowance is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **As of December 31,** | | | | | | | | |
| *(In thousands)* | | |  | | | **2022** | | |  | | | **2021** | | |
| **Beginning Balance** | | |  | | | $ | 233,843 |  |  | | | $ | 220,115 |  |
| Additions from continuing operations | | |  | | | 17,280 | |  |  | | | 13,462 | |  |
| Additions from acquisition accounting | | |  | | | — | |  |  | | | 275 | |  |
| Reductions | | |  | | | (129) | |  |  | | | (9) | |  |
| **Ending Balance** | | |  | | | $ | 250,994 |  |  | | | $ | 233,843 |  |

*Net Operating Loss and Credit Carryforwards*

As of December 31, 2022, the Company had federal and state net operating loss carryforwards for tax purposes of $584.8 million and $1.4 billion, respectively. These net operating loss carryforwards will begin to expire in 2031 for federal income tax purposes and 2023 for state income tax purposes. The federal and certain state net operating losses generated after December 31, 2017 have an indefinite carryforward period. As of December 31, 2022, the Company had an aggregate net operating loss carryforward for tax purposes related to its foreign subsidiaries of $9.8 million, which will begin to expire in 2024.

As of December 31, 2022, the Company had research and development credit carryforwards of $3.2 million which begin to expire in 2025.

Under the provisions of Internal Revenue Code Section 382, certain substantial changes in the Company's ownership may result in a limitation on the amount of U.S. net operating loss carryforwards that can be utilized annually to offset future taxable income and taxes payable. A significant portion of the Company's net operating loss carryforwards are subject to an annual limitation under Section 382 of the Internal Revenue Code. The Company anticipates the Transactions may have triggered further limitations but has not yet reached a final conclusion as to whether an ownership change occurred and to what extent its net operating loss carryforwards are further limited. Additionally, despite the net operating loss carryforwards, the Company may have a future tax liability due to foreign tax or state tax requirements.

*Foreign Undistributed Earnings*

As of December 31, 2022, the Company has certain foreign subsidiaries with accumulated undistributed earnings. The TCJA allows for a dividend received deduction resulting in no material U.S. federal income tax upon repatriation of these earnings. The Company intends to indefinitely reinvest these earnings, as well as future earnings from its foreign subsidiaries, to fund its international operations and therefore has not accrued any foreign withholding taxes or state income taxes.

*Uncertain Tax Positions*

For uncertain tax positions, the Company uses a more-likely-than-not recognition threshold based on the technical merits of the tax position taken. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefits determined on a cumulative probability basis, which are more-likely-than-not to be realized upon ultimate settlement in the financial statements. The Company has unrecognized tax benefits, which are tax benefits related to uncertain tax positions which have been or will be reflected in income tax filings that have not been recognized in the financial statements due to potential adjustments by taxing authorities in the applicable jurisdictions. The Company's liability for unrecognized tax benefits, which include interest and penalties, was $0.6 million for the years ended December 31, 2022 and 2021. The remaining unrecognized tax benefits have reduced deferred tax balances. The amount of unrecognized tax benefits that, if recognized, would affect the Company's effective tax rate is $2.0 million as of December 31, 2022, 2021 and 2020 and includes the federal tax benefit of state deductions. The Company anticipates a negligible amount of unrecognized tax benefits will reverse during the next year due to the expiration of statutes of limitation.

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Changes in the Company's unrecognized income tax benefits are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **As of December 31,** | | | | | | | | | | | | | | |
| *(In thousands)* | | |  | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| **Beginning balance** | | |  | | | $ | 2,052 |  |  | | | $ | 2,078 |  |  | | | $ | 2,400 |  |
| Increase related to tax positions of prior years | | |  | | | — | |  |  | | | — | |  |  | | | 47 | |  |
| Increase related to tax positions of the current year | | |  | | | 25 | |  |  | | | 40 | |  |  | | | 51 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Decrease related to tax positions of prior years | | |  | | | (22) | |  |  | | | (20) | |  |  | | | (5) | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Decrease due to lapse in statutes of limitations | | |  | | | (29) | |  |  | | | (46) | |  |  | | | (415) | |  |
| **Ending balance** | | |  | | | $ | 2,026 |  |  | | | $ | 2,052 |  |  | | | $ | 2,078 |  |

The Company recognizes interest and penalties related to income tax matters in income tax expense. As of December 31, 2022 and 2021, accrued interest and penalties on unrecognized tax benefits were $0.2 million and $0.1 million, respectively. The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. For income tax returns filed by the Company, the Company is generally no longer subject to U.S. federal examinations by tax authorities for years prior to 2019 or state and local tax examinations by tax authorities for years prior to 2018. The Company is no longer subject to examination by tax authorities in the Netherlands for years prior to 2016. However, tax attribute carryforwards may still be adjusted upon examination by tax authorities.

**14.Related Party Transactions**

***Transactions with WPP***

As of December 31, 2022 (based on public filings), WPP owned 11,319,363 shares of the Company's outstanding Common Stock, representing 12.3% of the outstanding Common Stock. The Company provides WPP, in the normal course of business, services amongst its different products and receives various services from WPP supporting the Company's data collection efforts.

The Company's results from transactions with WPP, as reflected in the Consolidated Statements of Operations and Comprehensive Loss, are detailed below:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **Years Ended December 31,** | | | | | | | | | | | | | | |
| *(In thousands)* | | | **2022** | | |  | | | **2021** | | |  | | | **2020** | | |
| Revenues | | | $ | 11,677 |  |  | | | $ | 13,595 |  |  | | | $ | 13,315 |  |
| Cost of revenues | | | 9,391 | |  |  | | | 12,537 | |  |  | | | 10,094 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |

The Company has the following balances related to transactions with WPP, as reflected in the Consolidated Balance Sheets:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **As of December 31,** | | | | | | | | |
| *(In thousands)* | | |  | | | **2022** | | |  | | | **2021** | | |
| **Assets** | | |  | | |  | | |  | | |  | | |
| Accounts receivable, net | | |  | | | $ | 825 |  |  | | | $ | 3,506 |  |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |
| **Liabilities** | | |  | | |  | | |  | | |  | | |
| Accounts payable | | |  | | | $ | 2,398 |  |  | | | $ | 1,395 |  |
| Accrued expenses | | |  | | | 1,108 | |  |  | | | 740 | |  |
| Contract liabilities | | |  | | | 1,132 | |  |  | | | 3,403 | |  |
| Other non-current liabilities | | |  | | | 159 | |  |  | | | 1,582 | |  |

***Transactions with Charter, Qurate and Pine***

Charter, Qurate and Pine each hold 33.3% of the outstanding shares of Preferred Stock, which are entitled to convert into shares of Common Stock and to vote as a single class with the holders of the Common Stock as set forth in the Certificate of Designations. As of December 31, 2022 (based on public filings), Pine also owned 2,193,088 shares of the Company's outstanding Common Stock, representing 2.4% of the outstanding Common Stock. In addition, Charter, Qurate and Pine each designated two members of the Company's Board in accordance with the Stockholders Agreement.

As of December 31, 2022 and December 31, 2021, Charter, Qurate and Pine each owned 27,509,203 shares of the Company's outstanding Preferred Stock. On June 30, 2022, in accordance with the Certificate of Designations of the Preferred Stock, the Company made cash dividend payments totaling $15.5 million to the holders of the Preferred Stock, representing dividends accrued for the period from June 30, 2021 through June 29, 2022. Accrued dividends to the holders of Preferred Stock as of December 31, 2022 totaled $7.9 million. The next scheduled dividend payment date for the Preferred Stock is June 30, 2023.

Concurrent with the closing of the Transactions on March 10, 2021, the Company entered into a ten-year Data License Agreement ("DLA") with Charter Communications Operating, LLC ("Charter Operating"), an affiliate of Charter. Under the DLA, Charter Operating will bill the Company for license fees according to a payment schedule that gradually increases from $10.0 million in the first year of the term to $32.3

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million in the tenth year of the term. The Company recognizes expense for the license fees ratably over the term. On November 6, 2022, the Company and Charter Operating entered into an amendment to the DLA, pursuant to which the Company will receive license fee credits totaling $7.0 million.

The Company's results from transactions with Charter and its affiliates, as reflected in the Consolidated Statements of Operations and Comprehensive Loss, are detailed below:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *(In thousands)* | | | **Year Ended December 31, 2022** | | |  | | | **Year Ended December 31, 2021** | | |  |  |
| Revenues | | | $ | 2,262 |  |  | | | $ | 1,849 |  |  |  |
| Cost of revenues | | | 17,580 | |  |  | | | 21,998 | |  |  |  |
|  | | |  | | |  | | |  | | |  |  |
|  | | |  | | |  | | |  | | |  |  |
|  | | |  | | |  | | |  | | |  |  |
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The Company has the following liability balances related to transactions with Charter and its affiliates, as reflected in the Consolidated Balance Sheet:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **As of** | | |  | | | **As of** | | |  |  |
| *(In thousands)* | | |  | | | **December 31, 2022** | | |  | | | **December 31, 2021** | | |  |  |
|  | | |  | | |  | | |  | | |  | | |  |  |
|  | | |  | | |  | | |  | | |  | | |  |  |
|  | | |  | | |  | | |  | | |  | | |  |  |
| Accounts payable | | |  | | | $ | 9,693 |  |  | | | $ | 5,180 |  |  |  |
| Accrued expenses | | |  | | | 3,189 | |  |  | | | 3,377 | |  |  |  |
|  | | |  | | |  | | |  | | |  | | |  |  |
| Non-current portion of accrued data costs | | |  | | | 15,471 | |  |  | | | 7,843 | |  |  |  |

The Company recognized revenues of $0.9 million and $0.8 million from transactions with Qurate and its affiliates in the normal course of business during the years ended December 31, 2022 and December 31, 2021, respectively, as reflected in the Consolidated Statements of Operations and Comprehensive Loss.

The Company had no transactions, other than the issuance of shares of Preferred Stock and related matters, with Pine for the years ended December 31, 2022 and December 31, 2021.

***Transactions with Starboard***

In 2018, the Company entered into certain agreements with Starboard, then a beneficial owner of more than 5.0% of the Company's outstanding Common Stock. Refer to [Footnote 6](#i0047531bd13046b986557e31951e34f8_124), *Debt*, for further information regarding these agreements and the Company's issuance of Notes to Starboard in 2018. As a result of these agreements and the transactions contemplated thereby, Starboard ceased to be a beneficial owner of more than 5.0% of the Company's outstanding Common Stock in January 2018. In addition, pursuant to a prior agreement with Starboard, the Company provided Starboard the right to designate certain members to the Company's Board. As of December 31, 2018, Starboard had no remaining right to designate any directors to the Board. The Notes and related financing derivatives were extinguished on March 10, 2021.

In the Consolidated Statements of Operations and Comprehensive Loss, the Company recorded interest expense, inclusive of non-cash accretion of issuance discount and deferred financing costs, related to the Notes of $6.6 million and $33.3 million during the year ended December 31, 2021 and 2020, respectively.

In connection with the extinguishment of the Notes on March 10, 2021, the Company issued 3,150,000 Conversion Shares to Starboard valued at $9.6 million as discussed in [Footnote 6](#i0047531bd13046b986557e31951e34f8_124), *Debt*, which amount was included as a component of loss on extinguishment of debt in the Consolidated Statements of Operations and Comprehensive Loss.

The Company had no outstanding balances related to Starboard as of December 31, 2022 or 2021. The outstanding balances for the Notes, related financing derivatives, and other non-current liabilities as of December 31, 2020 are reflected in the Consolidated Balance Sheet.

**15.Organizational Restructuring**

On September 29, 2022, the Company communicated a workforce reduction as part of its broader efforts to improve cost efficiency and better align its operating structure and resources with strategic priorities (collectively, the "Restructuring Plan"). In addition to employee terminations, the Restructuring Plan is expected to include the reallocation of commercial and product development resources; reinvestment in and modernization of key technology platforms; consolidation of data storage and processing activities to reduce the Company's data center footprint; and reduction of other operating expenses, including software and facility costs. The Company may also determine to exit certain activities in certain geographic regions in order to more effectively align resources with business priorities. In connection with the Restructuring Plan, which was authorized by the Board on September 19, 2022, the Company will incur certain exit-related costs. These costs are estimated to range between $13 million and $18 million. The Company expects implementation of the Restructuring Plan, including cash payments, to be substantially complete in the fourth quarter of 2023.

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The table below summarizes the balance of the restructuring liability as of December 31, 2022, which is recorded in accrued expenses in the Consolidated Balance Sheets, and the changes in the accrued amounts for the year ended December 31, 2022:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *(In thousands)* | | |  | | | **Severance and Related Costs** | | |  | | | **Other** | | |  | | | **Total Restructuring Expense** | | |  |  |  |  |  |  |
| Restructuring expense | | |  | | | $ | 4,578 |  |  | | | $ | 1,232 |  |  | | | $ | 5,810 |  |  |  |  |  |  |  |
| Payments | | |  | | | (3,357) | |  |  | | | (1,232) | |  |  | | | (4,589) | |  |  |  |  |  |  |  |
| Foreign exchange | | |  | | | 67 | |  |  | | | — | |  |  | | | 67 | |  |  |  |  |  |  |  |
| Accrued balance as of December 31, 2022 | | |  | | | $ | 1,288 |  |  | | | $ | — |  |  | | | $ | 1,288 |  |  |  |  |  |  |  |

**16.Subsequent Events**

On February 24, 2023, the Company entered into the 2023 Amendment to its Revolving Credit Agreement. Among other things, the 2023 Amendment (i) increased the minimum Consolidated EBITDA and Consolidated Asset Coverage Ratio financial covenant requirements under the Revolving Credit Agreement, (ii) modified the measurement periods for certain financial covenants contained in the Revolving Credit Agreement, (iii) introduced a minimum liquidity covenant, and (iv) modified the Applicable Rate definition in the Revolving Credit Agreement to increase the Applicable Rate payable on SOFR-based loans to 3.50%.

As modified, the Revolving Credit Agreement requires the Company to maintain:

•minimum Consolidated EBITDA (as defined in the Revolving Credit Agreement) of not less than $22.0 million, $24.0 million, $32.0 million and $35.0 million for the most recently ended four fiscal quarter period, tested as of the last day of the fiscal quarters ending on March 31, June 30, September 30 and December 31, 2023, respectively;

•a minimum Consolidated Asset Coverage Ratio (as defined in the Revolving Credit Agreement) of not less than 2.0 to 1.0, tested as of the last day of each calendar month through maturity of the Revolving Credit Agreement;

•a minimum Consolidated Fixed Charge Coverage Ratio (as defined in the Revolving Credit Agreement) of not less than 1.25 to 1.0 for the most recently ended four fiscal quarter period, tested as of the last day of each fiscal quarter ending on or after March 31, 2024; and

•minimum Liquidity (as defined in the Revolving Credit Agreement) of $28.0 million, tested as of the last business day of each calendar month through maturity of the Revolving Credit Agreement.

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| **ITEM 9.** | | | ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE*** | | |

None.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| **ITEM 9A.** | | | ***CONTROLS AND PROCEDURES*** | | |

**Evaluation of Disclosure Controls and Procedures**

We carried out an evaluation required by the Securities Exchange Act of 1934 (the "Exchange Act"), under the supervision and with the participation of our principal executive officer and our principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, as of December 31, 2022. Based on this evaluation, our principal executive officer and principal financial officer concluded that as of December 31, 2022, these disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

**Management's Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act. Management, under the supervision and with the participation of our principal executive officer and principal financial officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2022 based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of this assessment, management concluded that, as of December 31, 2022, our internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2022, and their report is included below. Deloitte & Touche LLP has also audited, and issued an unqualified opinion with respect to, our Consolidated Financial Statements for 2022, which opinion is included in [Item 8](#i0047531bd13046b986557e31951e34f8_73), "Financial Statements and Supplementary Data," of this 10-K.

**Changes in Internal Control over Financial Reporting**

Under Exchange Act Rules 13a-15(d) and 15d-15(d), management is required to evaluate, with the participation of our principal executive officer and principal financial officer, any changes in internal control over financial reporting that occurred during each fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. There were no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Inherent Limitation on the Effectiveness of Internal Controls**

The effectiveness of any system of internal control over financial reporting is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting can only provide reasonable, not absolute, assurance that its objectives will be met. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but we cannot assure that such improvements will be sufficient to provide us with effective internal control over financial reporting in future periods.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the stockholders and the Board of Directors of comScore, Inc.

**Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of comScore, Inc. and subsidiaries (the "Company") as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022, of the Company and our report dated March 1, 2023, expressed an unqualified opinion on those financial statements.

**Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

McLean, Virginia

March 1, 2023

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| **ITEM 9B.** | | | ***OTHER INFORMATION*** | | |

None.

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| --- | --- | --- | --- | --- | --- |
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| **ITEM 9C.** | | | ***DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS*** | | |

Not applicable.

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**PART III**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| **ITEM 10.** | | | ***DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*** | | |

Certain information regarding our directors and executive officers required by Item 10 of Part III is set forth in [Item 1](#i0047531bd13046b986557e31951e34f8_16) of Part I "Business - Executive Officers and Directors." Other information required by Item 10 of Part III, including information regarding any material changes to the process by which security holders may recommend nominees to the Board of Directors, is incorporated by reference to the information that will be included in our Proxy Statement relating to our 2023 Annual Meeting of Stockholders. Information required by Item 10 of Part III regarding our Audit Committee is incorporated by reference to the information that will be included in our Proxy Statement relating to our 2023 Annual Meeting of Stockholders. Information relating to our compliance with Section 16(a) of the Exchange Act is incorporated by reference to the information that will be included in our Proxy Statement relating to our 2023 Annual Meeting of Stockholders.

We have adopted a Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. We have posted the Code of Business Conduct and Ethics on our investor relations website under the heading "Corporate Governance" at www.comscore.com. To the extent permissible under Nasdaq rules, we intend to disclose any amendments to our Code of Business Conduct and Ethics, as well as waivers of the provisions thereof, on our investor relations website under the heading "Corporate Governance" at www.comscore.com.

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| **ITEM 11.** | | | ***EXECUTIVE COMPENSATION*** | | |

Information required by Item 11 of Part III is incorporated by reference to the information that will be included in our Proxy Statement relating to our 2023 Annual Meeting of Stockholders.

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| **ITEM 12.** | | | ***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*** | | |

Information required by Item 12 of Part III is incorporated by reference to the information that will be included in our Proxy Statement relating to our 2023 Annual Meeting of Stockholders.

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| **ITEM 13.** | | | ***CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE*** | | |

Information required by Item 13 of Part III is incorporated by reference to the information that will be included in our Proxy Statement relating to our 2023 Annual Meeting of Stockholders.

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| **ITEM 14.** | | | ***PRINCIPAL ACCOUNTANT FEES AND SERVICES*** | | |

Information required by Item 14 of Part III regarding our principal accountant, Deloitte & Touche LLP (PCAOB ID No. 34), is incorporated by reference to the information that will be included in our Proxy Statement relating to our 2023 Annual Meeting of Stockholders.

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**PART IV**

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| **ITEM 15.** | | | ***EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*** | | |

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(1) Financial statements and reports of our independent registered public accounting firm. See (i) Index to Consolidated Financial Statements at [Item 8](#i0047531bd13046b986557e31951e34f8_73) and (ii) [Item 9A](#i0047531bd13046b986557e31951e34f8_169) of this Annual Report on Form 10-K.

(2) All other schedules, for which provision is made in the applicable accounting regulations of the SEC, are omitted, as the required information is inapplicable or the information is presented in the Consolidated Financial Statements and Notes to Consolidated Financial Statements in [Item 8](#i0047531bd13046b986557e31951e34f8_73) of this Annual Report on Form 10-K.

(3) Exhibits. The exhibits filed as part of this report are listed under "Exhibits" at subsection (b) of this [Item 15](#i0047531bd13046b986557e31951e34f8_214).

(b) [Exhibits](#i0047531bd13046b986557e31951e34f8_217)

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|  |  |  |  |  |  |
| ***EXHIBITS*** | | |  | | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
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| **Exhibit No.** | | |  | | | **Exhibit Document** | | |
|  | | |  | | |  | | |
| 3.1 | | |  | | | [Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.3 to the Registrant's Registration Statement on Form S-1, as amended, filed June 12, 2007) (File No. 333-141740)](http://www.sec.gov/Archives/edgar/data/1158172/000095013307002643/x30988a3exv3w3.htm) | | |
|  | | |  | | |  | | |
| 3.2 | | |  | | | [Certificate of Amendment of Amended and Restated Certificate of Incorporation of comScore, Inc. (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-8, filed June 4, 2018) (File No. 333-225400)](http://www.sec.gov/Archives/edgar/data/1158172/000115817218000091/certificateofamendmentauth.htm) | | |
|  | | |  | | |  | | |
| 3.3 | | |  | | | [Certificate of Designation of Series A Junior Participating Preferred Stock of comScore, Inc., as filed with the Secretary of State of the State of Delaware on February 9, 2017 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed February 9, 2017) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000119312517035566/d341700dex31.htm) | | |
|  | | |  | | |  | | |
| 3.4 | | |  | | | [Certificate of Elimination of Designation of Series A Junior Participating Preferred Stock of comScore, Inc., as filed with the Secretary of State of the State of Delaware on September 29, 2017 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed October 4, 2017) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000119312517303026/d458683dex31.htm) | | |
|  | | |  | | |  | | |
| 3.5 | | |  | | | [Certificate of Amendment to Amended and Restated Certificate of Incorporation of comScore, Inc., dated March 10, 2021 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed March 15, 2021) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/0001158172/000119312521081567/d120882dex31.htm) | | |
|  | | |  | | |  | | |
| 3.6 | | |  | | | [Certificate of Designations of Series B Convertible Preferred Stock, par value $0.001, of comScore, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K, filed March 15, 2021) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000119312521081567/d120882dex32.htm) | | |
|  | | |  | | |  | | |
| 3.7 | | |  | | | [Amended and Restated Bylaws of comScore, Inc (incorporated by reference to Exhibit 3.2 to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2018, filed August 10, 2018) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817218000160/exhibit32-amendedandrestat.htm) | | |
|  | | |  | | |  | | |
| 4.1 | | |  | | | [Stockholders Agreement, dated as of March 10, 2021, by and among comScore, Inc., Charter Communications Holding Company, LLC, Qurate Retail, Inc. and Pine Investor, LLC (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed March 15, 2021) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000119312521081567/d120882dex104.htm) | | |
|  | | |  | | |  | | |
| 4.2 | | |  | | | [Registration Rights Agreement, dated as of March 10, 2021, by and among comScore, Inc., Charter Communications Holding Company, LLC, Qurate Retail, Inc. and Pine Investor, LLC (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K, filed March 15, 2021) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000119312521081567/d120882dex105.htm) | | |
|  | | |  | | |  | | |
| 4.3 | | |  | | | [Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1, as amended, filed June 12, 2007) (File No. 333-141740)](http://www.sec.gov/Archives/edgar/data/1158172/000095013307002643/x30988a3exv4w1.htm) | | |
|  | | |  | | |  | | |
| 4.4 | | |  | | | [Series A Warrant Issued to CVI Investments, Inc. (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed June 26, 2019) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817219000135/exhibit41.htm) | | |
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|  | | |  | | |  | | |
| 4.5 | | |  | | | [Registration Rights Agreement, dated June 26, 2019, between comScore, Inc and CVI Investments, Inc. (incorporated by reference to Exhibit 4.5 to the Registrant's Current Report on Form 8-K, filed June 26, 2019) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817219000135/exhibit45.htm) | | |
|  | | |  | | |  | | |
| 4.6 | | |  | | | [Voting Agreement, dated as of December 20, 2011, by and among comScore, Inc. and The Nielsen Company (US) LLC (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed December 21, 2011) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000119312511348048/d272307dex103.htm) | | |
|  | | |  | | |  | | |
| 4.7 | | |  | | | [Stockholders Rights Agreement, dated as of February 11, 2015, by and among comScore, Inc., WPP Group USA, Inc. and Cavendish Square Holding B.V. (incorporated by reference to Exhibit (d)(3) to Cavendish Square Holding B.V.'s and WPP plc's Tender Offer Statement on Schedule TO, filed February 20, 2015) (File No. 005-83687)](http://www.sec.gov/Archives/edgar/data/806968/000119312515054545/d869324dex99d3.htm) | | |
|  | | |  | | |  | | |
| 4.8 | | |  | | | [Voting Agreement, dated as of February 11, 2015, by and among comScore, Inc., WPP Group USA, Inc. and Cavendish Square Holding B.V. (incorporated by reference to Exhibit (d)(4) to Cavendish Square Holding B.V.'s and WPP plc's Tender Offer Statement on Schedule TO, filed February 20, 2015) (File No. 005-83687)](http://www.sec.gov/Archives/edgar/data/806968/000119312515054545/d869324dex99d4.htm) | | |
|  | | |  | | |  | | |
| 4.9 | | |  | | | [Registration Rights Agreement, dated as of January 16, 2018, by and among comScore, Inc. and the investors listed on the Schedule of Buyers attached thereto (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed January 16, 2018) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000119312518011422/d414488dex104.htm) | | |
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| 4.10+ | | |  | | | [Description of Securities](exhibit410-descriptionofse.htm) | | |
|  | | |  | | |  | | |
| 10.1 | | |  | | | [Series B Convertible Preferred Stock Purchase Agreement, dated as of January 7, 2021, by and between comScore, Inc. and Charter Communications Holding Company, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed January 8, 2021) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000119312521004725/d108009dex101.htm) | | |
|  | | |  | | |  | | |
| 10.2 | | |  | | | [Series B Convertible Preferred Stock Purchase Agreement, dated as of January 7, 2021, by and between comScore, Inc. and Qurate Retail, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed January 8, 2021) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000119312521004725/d108009dex102.htm) | | |
|  | | |  | | |  | | |
| 10.3 | | |  | | | [Series B Convertible Preferred Stock Purchase Agreement, dated as of January 7, 2021, by and between comScore, Inc. and Pine Investor, LLC (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed January 8, 2021) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000119312521004725/d108009dex103.htm) | | |
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| 10.4^ | | |  | | | [Data License Agreement, dated as of March 10, 2021, by and between comScore, Inc. and Charter Communications Operating, LLC (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K, filed March 15, 2021) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000119312521081567/d120882dex106.htm) | | |
|  | | |  | | |  | | |
| 10.5^ | | |  | | | [First Amendment to Data License Agreement, dated as of March 30, 2022, by and between comScore, Inc. and Charter Communications Operating, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2022, filed May 10, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000025/exhibit101-firstamendmentt.htm) | | |
|  | | |  | | |  | | |
| 10.6^ | | |  | | | [Second Amendment to Data License Agreement, dated as of November 6, 2022, by and between comScore, Inc. and Charter Communications Operating, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed November 7, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000103/exhibit101secondamendmentt.htm) | | |
|  | | |  | | |  | | |
| 10.7 | | |  | | | [Credit Agreement, dated as of May 5, 2021, among comScore, Inc. (as Borrower), certain subsidiaries of the Borrower (as Guarantors), Bank of America, N.A. (as Administrative Agent, Swing Line Lender, and L/C Issuer), and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2021, filed August 9, 2021) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817221000109/exhibit101-creditagreement.htm) | | |
|  | | |  | | |  | | |
| 10.8 | | |  | | | [First Amendment, dated as of February 25, 2022, to the Credit Agreement among comScore, Inc. (as Borrower), certain subsidiaries of the Borrower (as Guarantors), Bank of America, N.A. (as Administrative Agent), and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed February 28, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000006/exhibit101-firstamendmentt.htm) | | |
|  | | |  | | |  | | |
| 10.9 | | |  | | | [Second Amendment, dated as of February 24, 2023, to the Credit Agreement among comScore, Inc. (as Borrower), certain subsidiaries of the Borrower (as Guarantors), Bank of America, N.A. (as Administrative Agent), and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed February 28, 2023) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817223000010/exhibit101-creditagreement.htm) | | |
|  | | |  | | |  | | |
| 10.10 | | |  | | | [Patent Purchase, License and Settlement Agreement, dated as of December 20, 2011, by and among comScore, Inc., The Nielsen Company (US) LLC and NetRatings LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed December 21, 2011) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000119312511348048/d272307dex101.htm) | | |
|  | | |  | | |  | | |
| 10.11 | | |  | | | [Purchase Agreement, dated as of December 20, 2011, by and among comScore, Inc. and The Nielsen Company (US) LLC (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed December 21, 2011) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000119312511348048/d272307dex102.htm) | | |
|  | | |  | | |  | | |
| 10.12 | | |  | | | [Stock Purchase Agreement, dated as of February 11, 2015, by and among Cavendish Square Holding B.V., WPP Group USA, Inc., CS Worldnet Holding B.V. and comScore, Inc. (incorporated by reference to Exhibit (d)(1) to Cavendish Square Holding B.V.'s and WPP plc's Tender Offer Statement on Schedule TO, filed February 20, 2015) (File No. 005-83687)](http://www.sec.gov/Archives/edgar/data/806968/000119312515054545/d869324dex99d1.htm) | | |
|  | | |  | | |  | | |
| 10.13 | | |  | | | [Strategic Alliance Agreement, dated February 11, 2015, by and between comScore, Inc. and WPP Group USA, Inc. (incorporated by reference to Exhibit (d)(5) to Cavendish Square Holding B.V.'s and WPP plc's Tender Offer Statement on Schedule TO, filed February 20, 2015) (File No. 005-83687)](http://www.sec.gov/Archives/edgar/data/806968/000119312515054545/d869324dex99d5.htm) | | |
|  | | |  | | |  | | |
| 10.14 | | |  | | | [Purchase Agreement, dated as of April 1, 2015, by and between comScore, Inc. and Cavendish Square Holding B.V. (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K, filed April 3, 2015) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817215000036/projectcognac-stockpurchas.htm) | | |
|  | | |  | | |  | | |
| 10.15 | | |  | | | [Securities Purchase Agreement, dated as of June 23, 2019, by and among comScore, Inc. and CVI Investments, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed June 24, 2019) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000119312519179298/d742851dex101.htm) | | |
|  | | |  | | |  | | |
| 10.16 | | |  | | | [Agreement and Plan of Merger, dated December 16, 2021, by and among comScore, Inc., SS Media Holdco, LLC, SS Media Merger Sub, Inc., Shareablee, Inc., Shareablee Holdco, Inc., Shareablee Merger Sub, Inc. and Shareholder Representative Services LLC, as Stockholder Representative](http://www.sec.gov/Archives/edgar/data/1158172/000115817221000158/exhibit101-agreementandpla.htm) (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed December 17, 2021) (File No. 001-33520) | | |
|  | | |  | | |  | | |
| 10.17 | | |  | | | [Deed of Lease between South of Market LLC (as Landlord) and comScore, Inc. (as Tenant), dated December 21, 2007 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed February 5, 2008) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000095013308000370/w47950bexv10w1.htm) | | |
|  | | |  | | |  | | |
| 10.18 | | |  | | | [Amendment No. 6 to Deed of Lease, dated as of May 30, 2018, by and between South of Market LLC and comScore, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed June 5, 2018) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817218000096/a6thamendment-lease.htm) | | |
|  | | |  | | |  | | |
| 10.19 | | |  | | | [Amendment No. 7 to Deed of Lease, dated as of May 24, 2021, by and between South of Market LLC and comScore, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2021, filed August 9, 2021) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817221000109/exhibit102-amendmentno7tod.htm) | | |
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| 10.20\* | | |  | | | [comScore, Inc. 2018 Equity and Incentive Compensation Plan (as Amended and Restated Effective as of July 9, 2020) (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed July 15, 2020) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000119312520193346/d19455dex101.htm) | | |
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| 10.21\* | | |  | | | [First Amendment to the comScore, Inc. Amended and Restated 2018 Equity and Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2022, filed August 9, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000083/exhibit101-firstamendmentt.htm) | | |
|  | | |  | | |  | | |
| 10.22\* | | |  | | | [Form of Restricted Stock Units Award Notice for Directors (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K, filed June 5, 2018) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817218000096/grantnoticedirectorrsu.htm) | | |
|  | | |  | | |  | | |
| 10.23\* | | |  | | | [Form of Restricted Stock Units Award Agreement for Employees (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2018, filed November 9, 2018) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817218000198/exhibit105-formofrestricte.htm) | | |
|  | | |  | | |  | | |
| 10.24\* | | |  | | | [Form of Change of Control and Severance Agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed on September 10, 2018) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817218000168/exhibit103formofchangeofco.htm) | | |
|  | | |  | | |  | | |
| 10.25\* | | |  | | | [Change of Control and Severance Agreement, executed on September 28, 2015, by and between comScore, Inc. and William Livek (incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K for the period ended December 31, 2019, filed February 28, 2020) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817220000021/exhibit1032-livekchang.htm) | | |
|  | | |  | | |  | | |
| 10.26\* | | |  | | | [Form of Stock Option Grant Notice and Stock Option Agreement under 2018 Equity and Incentive Compensation Plan (incorporated by reference to Exhibit 10.33 to the Registrant's Annual Report on Form 10-K for the period ended December 31, 2019, filed February 28, 2020) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817220000021/exhibit1033-formofstoc.htm) | | |
|  | | |  | | |  | | |
| 10.27\* | | |  | | | [Form of Deferred Stock Units Award Agreement under 2018 Equity and Incentive Compensation Plan (incorporated by reference to Exhibit 10.34 to the Registrant's Annual Report on Form 10-K for the period ended December 31, 2019, filed February 28, 2020) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817220000021/exhibit1034-formofdefe.htm) | | |
|  | | |  | | |  | | |
| 10.28\* | | |  | | | [Form of Performance Restricted Stock Units Award Agreement under 2018 Equity and Incentive Compensation Plan (incorporated by reference to Exhibit 10.35 to the Registrant's Annual Report on Form 10-K for the period ended December 31, 2019, filed February 28, 2020) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817220000021/exhibit1035-formofperf.htm) | | |
|  | | |  | | |  | | |
| 10.29\* | | |  | | | [Form of Restricted Stock Units Award Agreement under 2018 Equity and Incentive Compensation Plan (incorporated by reference to Exhibit 10.36 to the Registrant's Annual Report on Form 10-K for the period ended December 31, 2019, filed February 28, 2020) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817220000021/exhibit1036-formofrest.htm) | | |
|  | | |  | | |  | | |
| 10.30 | | |  | | | [Form of Indemnification Agreement for Directors and Executive Officers (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2021, filed May 6, 2021) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817221000068/exhibit105-formofindemnifi.htm) | | |
|  | | |  | | |  | | |
| 10.31\* | | |  | | | [Form of Restricted Stock Units Award Agreement (Other Executive Officers), dated March 10, 2021, under 2018 Equity and Incentive Compensation Plan (incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2021, filed May 6, 2021) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817221000068/exhibit107-formofrestricte.htm) | | |
|  | | |  | | |  | | |
| 10.32\* | | |  | | | [Form of Restricted Stock Units Award Notice (Chair), dated March 10, 2021, under 2018 Equity and Incentive Compensation Plan (incorporated by reference to Exhibit 10.8 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2021, filed May 6, 2021) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/1158172/000115817221000068/exhibit108-formofrestricte.htm) | | |
|  | | |  | | |  | | |
| 10.33\* | | |  | | | [Severance Agreement, effective as of November 29, 2021, by and between comScore, Inc. and Jonathan Carpenter (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed October 25, 2021) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/0001158172/000115817221000138/exhibit101-severanceagreem.htm) | | |
|  | | |  | | |  | | |
| 10.34\* | | |  | | | [Change of Control Agreement, effective as of November 29, 2021, by and between comScore, Inc. and Jonathan Carpenter (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed October 25, 2021) (File No. 001-33520)](http://www.sec.gov/Archives/edgar/data/0001158172/000115817221000138/exhibit102-changeofcontrol.htm) | | |
|  | | |  | | |  | | |
| 10.35\* | | |  | | | [Restricted Stock Units Award Agreement, dated November 29, 2021, between comScore, Inc. and Jonathan Carpenter (incorporated by reference to Exhibit 99.5 to the Registrant's Registration Statement on Form S-8, filed December 23, 2021) (File No. 333-261890)](http://www.sec.gov/Archives/edgar/data/1158172/000115817221000165/exhibit995-restrictedstock.htm) | | |
|  | | |  | | |  | | |
| 10.36\* | | |  | | | [Shareablee, Inc. 2013 Stock Option/Stock Issuance Plan (incorporated by reference to Exhibit 99.1 to the Registrant's Registration Statement on Form S-8, filed December 23, 2021) (File No. 333-261890)](http://www.sec.gov/Archives/edgar/data/1158172/000115817221000165/exhibit991-shareablee2013s.htm) | | |
|  | | |  | | |  | | |
| 10.37\* | | |  | | | [Amendment No. 1 to Shareablee, Inc. 2013 Stock Option/Stock Issuance Plan (incorporated by reference to Exhibit 99.2 to the Registrant's Registration Statement on Form S-8, filed December 23, 2021) (File No. 333-261890)](http://www.sec.gov/Archives/edgar/data/1158172/000115817221000165/exhibit992-amendmentno1tos.htm) | | |
|  | | |  | | |  | | |
| 10.38\* | | |  | | | [Amendment No. 2 to Shareablee, Inc. 2013 Stock Option/Stock Issuance Plan (incorporated by reference to Exhibit 99.3 to the Registrant's Registration Statement on Form S-8, filed December 23, 2021) (File No. 333-261890)](http://www.sec.gov/Archives/edgar/data/1158172/000115817221000165/exhibit993-amendmentno2tos.htm) | | |
|  | | |  | | |  | | |
| 10.39\* | | |  | | | [Amendment No. 3 to Shareablee, Inc. 2013 Stock Option/Stock Issuance Plan (incorporated by reference to Exhibit 99.4 to the Registrant's Registration Statement on Form S-8, filed December 23, 2021) (File No. 333-261890)](http://www.sec.gov/Archives/edgar/data/1158172/000115817221000165/exhibit994-amendmentno3tos.htm) | | |
|  | | |  | | |  | | |
| 10.40\* | | |  | | | [Transition and Separation Agreement, dated as of February 28, 2022, between comScore, Inc. and William Livek (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed February 28, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000006/exhibit102-transitionandse.htm) | | |
|  | | |  | | |  | | |
| 10.41\* | | |  | | | [Letter Agreement, dated July 5, 2022, by and between comScore, Inc. and Jonathan Carpenter (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed July 8, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000059/exhibit101-carpenterceoagr.htm) | | |
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| 10.42\* | | |  | | | [First Amendment to the comScore, Inc. Change of Control Agreement, effective as of July 6, 2022, by and between comScore, Inc. and Jonathan Carpenter (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed July 8, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000059/exhibit102-firstamendmentt.htm) | | |
|  | | |  | | |  | | |
| 10.43\* | | |  | | | [First Amendment to the comScore, Inc. Severance Agreement, effective as of July 6, 2022, by and between comScore, Inc. and Jonathan Carpenter (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed July 8, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000059/exhibit103-firstamendmentt.htm) | | |
|  | | |  | | |  | | |
| 10.44\* | | |  | | | [Letter Agreement, dated July 5, 2022, by and between comScore, Inc. and Mary Margaret Curry (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed July 8, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000059/exhibit104-currycfoagreeme.htm) | | |
|  | | |  | | |  | | |
| 10.45\* | | |  | | | [Change of Control Agreement, effective as of July 6, 2022, by and between comScore, Inc. and Mary Margaret Curry (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K, filed July 8, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000059/exhibit105-currychangeofco.htm) | | |
|  | | |  | | |  | | |
| 10.46\* | | |  | | | [Severance Agreement, effective as of July 6, 2022, by and between comScore, Inc. and Mary Margaret Curry (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K, filed July 8, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000059/exhibit106-curryseverancea.htm) | | |
|  | | |  | | |  | | |
| 10.47\* | | |  | | | [Form of Performance Restricted Stock Units Award Agreement for CEO (incorporated by reference to Exhibit 10.8 to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2022, filed August 9, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000083/exhibit108-carpenterprsugr.htm) | | |
|  | | |  | | |  | | |
| 10.48\* | | |  | | | [Form of Performance Restricted Stock Units Award Agreement for CFO (incorporated by reference to Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2022, filed August 9, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000083/exhibit109-curryprsugranta.htm) | | |
|  | | |  | | |  | | |
| 10.49\* | | |  | | | [Letter Agreement, dated August 22, 2022, by and between comScore, Inc. and Greg Dale (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed August 26, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000088/exhibit101-letteragreement.htm) | | |
|  | | |  | | |  | | |
| 10.50\* | | |  | | | [Change of Control Agreement, effective as of August 23, 2022, by and between comScore, Inc. and Greg Dale (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed August 26, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000088/exhibit102-changeofcontrol.htm) | | |
|  | | |  | | |  | | |
| 10.51\* | | |  | | | [Severance Agreement, effective as of August 23, 2022, by and between comScore, Inc. and Greg Dale (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed August 26, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000088/exhibit103-severanceagreem.htm) | | |
|  | | |  | | |  | | |
| 10.52\* | | |  | | | [Separation and General Release Agreement, dated August 25, 2022, by and between comScore, Inc. and Chris Wilson (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed August 26, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000088/exhibit104-severanceagreem.htm) | | |
|  | | |  | | |  | | |
| 10.53\* | | |  | | | [Form of Performance Restricted Stock Units Award Agreement for COO (incorporated by reference to Exhibit 10.12 to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2022, filed November 9, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000113/exhibit1012-formofperforma.htm) | | |
|  | | |  | | |  | | |
| 10.54\* | | |  | | | [Change of Control Agreement, effective as of May 28, 2019, by and between comScore, Inc. and David Algranati (incorporated by reference to Exhibit 10.13 to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2022, filed November 9, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000113/exhibit1013-changeofcontro.htm) | | |
|  | | |  | | |  | | |
| 10.55\* | | |  | | | [Severance Agreement, effective as of May 28, 2019, by and between comScore, Inc. and David Algranati (incorporated by reference to Exhibit 10.14 to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2022, filed November 9, 2022) (File No. 001-33520)](https://www.sec.gov/Archives/edgar/data/1158172/000115817222000113/exhibit1014-severanceagree.htm) | | |
|  | | |  | | |  | | |
| 21.1+ | | |  | | | [List of Subsidiaries](exhibit211-listofsubsidiar.htm) | | |
|  | | |  | | |  | | |
| 23.1+ | | |  | | | [Consent of Deloitte & Touche LLP](exhibit231-consentofindepe.htm) | | |
|  | | |  | | |  | | |
| 31.1+ | | |  | | | [Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](exhibit311-certificationof.htm) | | |
|  | | |  | | |  | | |
| 31.2+ | | |  | | | [Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](exhibit312-certificationof.htm) | | |
|  | | |  | | |  | | |
| 32.1+ | | |  | | | [Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](exhibit321-certificationof.htm) | | |
|  | | |  | | |  | | |
| 32.2+ | | |  | | | [Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](exhibit322-certificationof.htm) | | |
|  | | |  | | |  | | |
| 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 | | |  | | | XBRL Taxonomy Extension Schema Document. | | |
|  | | |  | | |  | | |
| 101.CAL | | |  | | | XBRL Taxonomy Extension Calculation Linkbase Document. | | |
|  | | |  | | |  | | |
| 101.DEF | | |  | | | XBRL Taxonomy Extension Definition Linkbase Document. | | |
|  | | |  | | |  | | |
| 101.LAB | | |  | | | XBRL Taxonomy Extension Label Linkbase Document. | | |
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| 101.PRE | | |  | | | XBRL Taxonomy Extension Presentation Linkbase Document. | | |
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| 104 | | |  | | | Cover Page Interactive Data File - the cover page iXBRL tags are embedded within the Inline XBRL document | | |
|  | | |  | | |  | | |
| \* | | |  | | | Management contract or compensatory plan or arrangement. | | |
|  | | |  | | |  | | |
| + | | |  | | | Filed or furnished herewith | | |
|  | | |  | | |  | | |
| ^ | | |  | | | Specific terms in this exhibit (indicated therein by asterisks) have been omitted because such terms are both not material and of the type that the Registrant treats as private and confidential. | | |

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|  |  |  |  |  |  |
| **ITEM 16.** | | | ***FORM 10-K SUMMARY*** | | |

None.

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**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.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  | | | COMSCORE, INC. | | | | | | | | | | | |  | | |
|  | | |  | | |  | | | | | | | | |  | | |
|  | | | By: | | | /s/ Jonathan Carpenter | | | | | | | | |  | | |
|  | | |  | | | Jonathan Carpenter | | | | | | | | |  | | |
|  | | |  | | | Chief Executive Officer | | | | | | | | |  | | |
|  | | |  | | | (Principal Executive Officer) | | | | | | | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |
|  | | | By: | | | /s/ Mary Margaret Curry | | | | | | | | |  | | |
|  | | |  | | | Mary Margaret Curry | | | | | | | | |  | | |
|  | | |  | | | Chief Financial Officer and Treasurer | | | | | | | | |  | | |
|  | | |  | | | (Principal Financial Officer and Principal Accounting Officer) | | | | | | | | |  | | |

March 1, 2023

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Signature** | | |  | | | **Title** | | | **Date** | | |
|  | | |  | | | | | |  | | |
| /s/ Jonathan Carpenter | | |  | | | Chief Executive Officer | | | March 1, 2023 | | |
| Jonathan Carpenter | | |  | | | (Principal Executive Officer) | | |  | | |
|  | | |  | | |  | | |  | | |
| /s/ Mary Margaret Curry | | |  | | | Chief Financial Officer and Treasurer | | | March 1, 2023 | | |
| Mary Margaret Curry | | |  | | | (Principal Financial Officer and Principal Accounting Officer) | | |  | | |
|  | | |  | | |  | | |  | | |
| /s/ Nana Banerjee | | |  | | | Non-Executive Chairman | | | March 1, 2023 | | |
| Nana Banerjee | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| /s/ William P. Livek | | |  | | | Non-Executive Vice Chairman | | | March 1, 2023 | | |
| William P. Livek | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| /s/ Itzhak Fisher | | |  | | | Director | | | March 1, 2023 | | |
| Itzhak Fisher | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| /s/ David Kline | | |  | | | Director | | | March 1, 2023 | | |
| David Kline | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| /s/ Pierre-Andre Liduena | | |  | | | Director | | | March 1, 2023 | | |
| Pierre-Andre Liduena | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| /s/ Kathleen Love | | |  | | | Director | | | March 1, 2023 | | |
| Kathleen Love | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| /s/ Marty Patterson | | |  | | | Director | | | March 1, 2023 | | |
| Marty Patterson | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| /s/ Brent D. Rosenthal | | |  | | | Director | | | March 1, 2023 | | |
| Brent D. Rosenthal | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| /s/ Brian Wendling | | |  | | | Director | | | March 1, 2023 | | |
| Brian Wendling | | |  | | |  | | |  | | |

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