

COMSCORE, INC.
Form 10-Q
August 10, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2018
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 (I.R.S. Employer
incorporation or organization) 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)

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 and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted 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 and post 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 (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

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

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: As of August 7, 2018, there were 57,899,906 shares of the registrant's common stock outstanding.

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FOR THE QUARTER ENDED JUNE 30, 2018
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PART I. FINANCIAL INFORMATION

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ITEM 1. FINANCIAL STATEMENTS

COMSCORE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)

	As of June 30, 2018 (Unaudited)	As of December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 46,589	\$ 37,859
Restricted cash	6,599	7,266
Accounts receivable, net of allowances of \$1,510 and \$1,991, respectively (\$1,409 and \$2,899 of accounts receivable attributable to related parties, respectively)	70,182	82,029
Prepaid expenses and other current assets	19,523	15,168
Insurance recoverable on litigation settlements	10,000	37,232
Total current assets	152,893	179,554
Property and equipment, net	27,669	28,893
Other non-current assets	9,143	7,259
Deferred tax assets	3,619	4,532
Intangible assets, net	143,004	159,777
Goodwill	641,702	642,424
Total assets	\$ 978,030	\$ 1,022,439
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable (\$977 and \$2,715 attributable to related parties, respectively)	\$ 18,352	\$ 27,889
Accrued expenses (\$5,745 and \$5,857 attributable to related parties, respectively)	52,485	86,031
Accrued litigation settlements	3,800	27,718
Other current liabilities	10,335	10,485
Customer advances (\$988 and \$2,755 attributable to related parties, respectively)	86,310	98,367
Total current liabilities	171,282	250,490
Financing derivatives (related party)	15,900	—
Senior secured convertible notes (related party)	174,404	—
Deferred tax liabilities	5,590	3,641
Accrued litigation settlements	1,750	90,800
Other non-current liabilities	36,149	21,016
Total liabilities	405,075	365,947
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share; 5,000,000 shares authorized at June 30, 2018 and December 31, 2017; no shares issued or outstanding as of June 30, 2018 and December 31, 2017		—
Common stock, \$0.001 par value per share; 150,000,000 shares authorized as of June 30, 2018 and 100,000,000 shares authorized as of December 31, 2017; 64,651,714 shares issued and 57,886,918 shares outstanding as of June 30, 2018, and 60,053,843 shares issued and 57,289,047 shares outstanding as of December 31, 2017	58	60
Additional paid-in capital	1,528,719	1,407,717
Accumulated other comprehensive loss	(8,584) (6,224

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Accumulated deficit	(717,254)	(609,091)
Treasury stock, at cost, 6,764,796 and 2,764,796 shares as of June 30, 2018 and December 31, 2017, respectively	(229,984)	(135,970)
Total stockholders' equity	572,955	656,492
Total liabilities and stockholders' equity	\$ 978,030	\$ 1,022,439

See accompanying Notes to Condensed Consolidated Financial Statements.

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COMSCORE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

(In thousands, except share and per share data)

	Three Months		Six Months Ended	
	Ended June 30,		June 30,	
	2018	2017	2018	2017
Revenues ⁽¹⁾	\$ 101,389	\$ 99,439	\$ 207,308	\$ 200,300
Cost of revenues ^{(1) (2) (3)}	51,526	47,301	98,780	94,614
Selling and marketing ^{(1) (2) (3)}	29,647	31,190	55,552	60,923
Research and development ^{(1) (2) (3)}	20,889	21,502	39,605	42,522
General and administrative ^{(1) (2) (3)}	28,699	13,310	47,360	31,095
Investigation and audit related ⁽¹⁾	4,883	17,399	36,750	35,077
Amortization of intangible assets	8,266	8,443	16,810	17,178
Settlement of litigation, net	5,250	(915)	5,250	