**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

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# Form 10-Q

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(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2021**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from _________ to _______**

**Commission File No. 001-38911**

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# CLARIVATE PLC

**(Exact name of registrant as specified in its charter)**

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| | |
|---|---|
| **Jersey, Channel Islands** | **Not applicable** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |
| **Friars House, 160 Blackfriars Road London SE1 8EZ United Kingdom (Address of principal executive offices)** | **Not applicable (Zip Code)** |

Registrant's telephone number, including area code: **+44 207 4334000**

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

| Title of each class | Trading Symbol(s) | Name of exchange on which registered |
|---|---|---|
| Ordinary shares | CLVT | New York Stock Exchange |

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

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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 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.

| | | | |
|---|---|---|---|
| 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 is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

The number of ordinary shares of the Company outstanding as of April 30, 2021 was 611,792,824.

**DOCUMENTS INCORPORATED BY REFERENCE**

None

## EXPLANATORY NOTE

As disclosed in the amended Form 10-K/A filed with the Securities and Exchange Commission ("SEC") on May 10, 2021 (the "Amended Filing Date" and "Amended Form 10-K"), Clarivate Plc ("Clarivate," the "Company," "our," "us" and "we") amended our Annual Report on Form 10-K for the year ended December 31, 2020, originally filed with the SEC on February 26, 2021 (the "Original Form 10-K"), to restate our Consolidated Financial Statements and related footnote disclosures as of and for the year ended December 31, 2020 and 2019, and our Condensed Consolidated Financial Statements for the quarters ended June 30, 2019, September 30, 2019, March 31, 2020, June 30, 2020, and September 30, 2020.

See Note 26 - Quarterly Financial Data (Unaudited), and Note 28 - Restatement of Prior Period Financial Statements, to the Consolidated Financial Statements in the Amended Form 10-K for additional information related to the restatements.

Additionally, see Note 25 - Restatement of Previously Issued Condensed Financial Statements, in Item 1, Financial Statements and Supplementary Data, for additional information related to the restatement of the Condensed Consolidated Financial Statements for the quarter ended March 31, 2020.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements." These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "seeks," "projects," "intends," "plans," "may," "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this quarterly report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, anticipated cost savings, results of operations, financial condition, liquidity, prospects, growth, strategies and the markets in which we operate. Such forward-looking statements are based on available current market material and management's expectations, beliefs and forecasts concerning future events impacting us. Factors that may impact such forward-looking statements include:

- any significant disruption in or unauthorized access to our computer systems or those of third parties that we utilize in our operations, including those relating to cybersecurity or arising from cyber-attacks;
- our ability to maintain revenues if our products and services do not achieve and maintain broad market acceptance, or if we are unable to keep pace with or adapt to rapidly changing technology, evolving industry standards, macroeconomic market conditions and changing regulatory requirements;
- our loss of, or inability to attract and retain, key personnel;
- our ability to comply with applicable data protection and privacy laws;
- the effectiveness of our business continuity plans;
- our dependence on third parties, including public sources, for data, information and other services, and our relationships with such third parties;
- increased accessibility to free or relatively inexpensive information sources;
- our ability to derive fully the anticipated benefits from organic growth, existing or future acquisitions, joint ventures, investments or dispositions;
- our ability to compete in the highly competitive industry in which we operate, and potential adverse effects of this competition;
- our ability to maintain high annual revenue renewal rates;
- the strength of our brand and reputation;
- our exposure to risk from the international scope of our operations, and our exposure to potentially adverse tax consequences from the international scope of our operations and our corporate and financing structure;
- our substantial indebtedness, which could adversely affect our business, financial condition, and results of operations
- volatility in our earnings due to changes in the fair value of our outstanding warrants each period; and
- other factors beyond our control.

The forward-looking statements contained in this quarterly report are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks and uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading “Item 1A. Risk Factors.” Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

**Note on Defined Terms and Presentation**

We employ a number of defined terms in this quarterly report for clarity and ease of reference, which we have capitalized so that you may recognize them as such. As used throughout this quarterly report, unless otherwise indicated or the context otherwise requires, the terms “Clarivate,” the “Company,” “our,” “us” and “we” refer to Clarivate Plc and its consolidated subsidiaries; “Baring” refers to the affiliated funds of Baring Private Equity Asia Pte Ltd that from time to time hold our ordinary shares; “LGP” refers to affiliated funds of Leonard Green & Partners, L.P. that from time to time hold our ordinary shares; and “Onex” refers to the affiliates of Onex Partners Advisor LP that from time to time hold our ordinary shares.

Unless otherwise indicated, dollar amounts throughout this quarterly report are presented in thousands of dollars, except for share and per share amounts.

**Website and Social Media Disclosure**

We use our website (www.clarivate.com) and corporate Twitter account (@Clarivate) as routine channels of distribution of company information, including news releases, analyst presentations, and supplemental financial information, as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Act of 1933, as amended (the “Securities Act”) and the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Accordingly, investors should monitor our website and our corporate Twitter account in addition to following press releases, SEC filings, and public conference calls and webcasts. Additionally, we provide notifications of news or announcements as part of our investor relations website. Investors and others can receive notifications of new information posted on our investor relations website in real time by signing up for email alerts.

None of the information provided on our website, in our press releases, public conference calls, and webcasts, or through social media channels is incorporated into, or deemed to be a part of, this quarterly report or in any other report or document we file with the SEC, and any references to our website or our social media channels are intended to be inactive textual references only.

## PART I. Financial Information

## Item 1. Financial Statements and Supplementary Data

**CLARIVATE PLC**
**Condensed Consolidated Balance Sheets (Unaudited)**
*(In thousands, except share data)*

| | March 31, 2021 | December 31, 2020 (As Restated) |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 399,006 | $ 257,730 |
| Restricted cash | 13,513 | 11,278 |
| Accounts receivable, net of allowance of $8,340 and $8,745 at March 31, 2021 and December 31, 2020, respectively | 706,879 | 737,733 |
| Prepaid expenses | 64,392 | 58,273 |
| Other current assets | 230,218 | 262,494 |
| Total current assets | 1,414,008 | 1,327,508 |
| Property and equipment, net | 33,565 | 36,267 |
| Other intangible assets, net | 7,266,497 | 7,370,350 |
| Goodwill | 6,246,384 | 6,252,636 |
| Other non-current assets | 42,504 | 47,944 |
| Deferred income taxes | 27,348 | 29,786 |
| Operating lease right-of-use assets | 84,052 | 132,356 |
| **Total Assets** | $ 15,114,358 | $ 15,196,847 |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 94,548 | $ 82,038 |
| Accrued expenses and other current liabilities | 541,351 | 716,356 |
| Current portion of deferred revenues | 769,030 | 707,318 |
| Current portion of operating lease liability | 33,896 | 35,455 |
| Current portion of long-term debt | 28,600 | 28,600 |
| Total current liabilities | 1,467,425 | 1,569,767 |
| Long-term debt | 3,453,082 | 3,457,900 |
| Warrant liabilities | 257,944 | 312,751 |
| Non-current portion of deferred revenues | 45,404 | 41,399 |
| Other non-current liabilities | 62,143 | 67,722 |
| Deferred income taxes | 351,937 | 362,261 |
| Operating lease liabilities | 79,651 | 104,324 |
| Total liabilities | 5,717,586 | 5,916,124 |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Ordinary Shares, no par value; unlimited shares authorized at March 31, 2021 and December 31, 2020; 611,355,226 and 606,329,598 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively | 10,109,449 | 9,989,284 |
| Accumulated other comprehensive income | 523,359 | 503,521 |
| Accumulated deficit | (1,236,036) | (1,212,082) |
| Total shareholders' equity | 9,396,772 | 9,280,723 |
| **Total Liabilities and Shareholders' Equity** | $ 15,114,358 | $ 15,196,847 |

*The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.*

**CLARIVATE PLC**
**Condensed Consolidated Statements of Operations (Unaudited)**
*(In thousands, except share and per share data)*

| | Three Months Ended March 31, 2021 | Three Months Ended March 31, 2020 (As Restated) |
|---|---|---|
| Revenues, net | $ 428,430 | $ 240,592 |
| Operating expenses: | | |
| Cost of revenues | (138,741) | (82,682) |
| Selling, general and administrative costs | (111,345) | (133,055) |
| Depreciation | (3,333) | (2,329) |
| Amortization | (128,321) | (49,112) |
| Restructuring and impairment | (64,667) | (7,754) |
| Other operating income (expense), net | (16,230) | 6,032 |
| Total operating expenses | (462,637) | (268,900) |
| Loss from operations | (34,207) | (28,308) |
| Mark to market adjustment on financial instruments | 51,215 | (55,632) |
| Income (loss) before interest expense and income tax | 17,008 | (83,940) |
| Interest expense and amortization of debt discount, net | (37,393) | (30,940) |
| Loss before income tax | (20,385) | (114,880) |
| Provision for income taxes | (3,569) | (14,753) |
| Net loss | $ (23,954) | $ (129,633) |
| Per share: | | |
| Basic and diluted | $ (0.04) | $ (0.38) |
| Weighted average shares used to compute earnings per share: | | |
| Basic and diluted | 608,598,235 | 343,129,833 |

*The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.*

**CLARIVATE PLC**
**Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)**
*(In thousands)*

| | Three Months Ended March 31, 2021 | Three Months Ended March 31, 2020 (As Restated) |
|---|---|---|
| Net loss | $ (23,954) | $ (129,633) |
| Other comprehensive income (loss), net of tax: | | |
| Interest rate swaps | 1,340 | (2,890) |
| Defined benefit pension plans | (4) | (67) |
| Foreign currency translation adjustment | 18,502 | (5,513) |
| Total other comprehensive income (loss), net of tax | 19,838 | (8,470) |
| Comprehensive loss | $ (4,116) | $ (138,103) |

*The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.*

**CLARIVATE PLC**
**Condensed Consolidated Statements of Changes in Equity (Unaudited)**
*(In thousands, except share data)*

| | Share Capital | | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Total Shareholders' Equity |
|---|---|---|---|---|---|
| | Shares | Amount | | | |
| Balance at December 31, 2019 (As Restated) | 306,874,115 | $ 2,144,372 | $ (4,879) | $ (890,894) | 1,248,599 |
| Adjustment to opening Accumulated deficit related to adoption of ASC Topic 326 | — | — | — | (9,319) | (9,319) |
| Exercise of public warrants | 28,880,098 | 277,526 | — | — | 277,526 |
| Exercise of stock options | 3,715,455 | 1,182 | — | — | 1,182 |
| Vesting of restricted stock units | 169,842 | — | — | — | — |
| Shares returned to the Company for net share settlements | (2,301,458) | (10,302) | — | — | (10,302) |
| Issuance of ordinary shares, net | 27,600,000 | 539,714 | — | — | 539,714 |
| Share-based award activity | — | 16,384 | — | — | 16,384 |
| Net loss (As Restated) | — | — | — | (129,633) | (129,633) |
| Other comprehensive income ( loss) | — | — | (8,470) | — | (8,470) |
| Balance at March 31, 2020 (As Restated) | 364,938,052 | 2,968,876 | (13,349) | (1,029,846) | 1,925,681 |
| | | | | | |
| Balance at December 31, 2020 (As Restated) | 606,329,598 | $ 9,989,284 | $ 503,521 | $ (1,212,082) | $ 9,280,723 |
| Exercise of Private Placement Warrants | 212,174 | 3,592 | — | — | 3,592 |
| Exercise of stock options | 835,917 | 5,074 | — | — | 5,074 |
| Vesting of restricted stock units | 15,958 | — | — | — | — |
| Shares returned to the Company for net share settlements | (434,059) | (4,489) | — | — | (4,489) |
| Issuance of ordinary shares, net | 4,395,638 | 105,509 | — | — | 105,509 |
| Share-based award activity | — | 10,479 | — | — | 10,479 |
| Net loss | — | — | — | (23,954) | (23,954) |
| Other comprehensive income (loss) | — | — | 19,838 | — | 19,838 |
| Balance at March 31, 2021 | 611,355,226 | $ 10,109,449 | $ 523,359 | $ (1,236,036) | $ 9,396,772 |

*The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.*

**CLARIVATE PLC**
**Condensed Consolidated Statements of Cash Flows (Unaudited)**
*(In thousands)*

| | Three Months Ended March 31, 2021 | Three Months Ended March 31, 2020 (As Restated) |
|---|---|---|
| Cash Flows From Operating Activities | | |
| Net loss | $ (23,954) | $ (129,633) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 131,654 | 51,441 |
| Bad debt expense | 3,122 | — |
| Deferred income tax benefit | 162 | 4,214 |
| Share-based compensation | 10,479 | 16,502 |
| Restructuring and impairment | 40,984 | — |
| Gain on foreign currency forward contracts | (1,023) | — |
| Mark to market adjustment on contingent and phantom shares | (27,680) | 1,187 |
| Mark to market adjustment on financial instruments | (51,215) | 55,632 |
| Loss on disposal of business | 586 | — |
| Deferred finance charges | 2,332 | 1,008 |
| Other operating activities | 3,494 | (7,015) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 44,221 | 29,279 |
| Prepaid expenses | (7,170) | (7,349) |
| Other assets | (927) | 54,644 |
| Accounts payable | 13,746 | 758 |
| Accrued expenses and other current liabilities | (9,725) | (13,222) |
| Deferred revenues | 65,988 | 40,726 |
| Operating lease right of use assets | 7,468 | 5,919 |
| Operating lease liabilities | (25,666) | (5,876) |
| Other liabilities | (2,839) | (52,109) |
| Net cash provided by operating activities | 174,037 | 46,106 |
| Cash Flows From Investing Activities | | |
| Capital expenditures | (32,972) | (19,395) |
| Acquisitions, net of cash acquired | 433 | (885,323) |
| Proceeds from sale of product line, net of restricted cash | — | 3,751 |
| Net cash used in investing activities | (32,539) | (900,967) |
| Cash Flows From Financing Activities | | |
| Principal payments on term loan | (7,150) | (3,150) |
| Repayments of revolving credit facility | — | (65,000) |
| Payment of debt issuance costs | — | (5,014) |
| Contingent purchase price payment | — | (4,115) |
| Proceeds from issuance of debt | — | 360,000 |
| Proceeds from issuance of ordinary shares | — | 540,597 |
| Proceeds from warrant exercises | — | 277,526 |
| Proceeds from stock options exercised | 5,074 | 1,182 |
| Payments related to tax withholding for stock-based compensation | (4,489) | (10,420) |
| Net cash (used in) provided by financing activities | (6,565) | 1,091,606 |
| Effects of exchange rates | 8,578 | (2,013) |
| Net increase in cash and cash equivalents, and restricted cash | 143,511 | 234,732 |
| Beginning of period: | | |
| Cash and cash equivalents | 257,730 | 76,130 |
| Restricted cash | 11,278 | 9 |

**CLARIVATE PLC**
**Condensed Consolidated Statements of Cash Flows (Unaudited)**
*(In thousands)*

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2020 (As Restated) |
| Total cash and cash equivalents, and restricted cash, beginning of period | 269,008 | 76,139 |
| Cash and cash equivalents, and restricted cash, end of period | 412,519 | 310,871 |
| | | |
| End of period: | | |
| Cash and cash equivalents | 399,006 | 308,021 |
| Restricted cash | 13,513 | 2,850 |
| Total cash and cash equivalents, and restricted cash, end of period | $ 412,519 | $ 310,871 |
| | | |
| Supplemental Cash Flow Information | | |
| Cash paid for interest | $ 27,334 | $ 11,405 |
| Cash paid for income tax | $ 2,583 | $ 4,797 |
| Capital expenditures included in accounts payable | $ 6,138 | $ 9,528 |

| | Three Months Ended March 31 | |
|---|---|---|
| | 2021 | 2020 |
| Non-Cash Financing Activities: | | |
| Shares issued as contingent stock consideration associated with the DRG acquisition | 61,619 | — |
| Shares issued as contingent stock consideration associated with the CPA Global acquisition | 43,890 | — |
| Total Non-Cash Financing Activities | 105,509 | — |

*The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.*

**Note 1: Background and Nature of Operations**

Clarivate Plc (“Clarivate,” “us,” “we,” “our,” or the “Company”), is a public limited company organized under the laws of Jersey, Channel Islands. We were initially registered on January 7, 2019, and at our 2020 annual general meeting, our shareholders approved a change of our corporate name from “Clarivate Analytics Plc” to “Clarivate Plc”. Pursuant to the definitive agreement entered into to effect a merger between Camelot Holdings (Jersey) Limited ("Jersey") and Churchill Capital Corp, a Delaware corporation, ("Churchill") (the “2019 Transaction”), the Company was formed for the purposes of completing the 2019 Transaction and related transitions and carrying on the business of Jersey and its subsidiaries.

The Company is a provider of proprietary and comprehensive content, analytics, professional services and workflow solutions that enables users across government and academic institutions, life science companies and research and development (“R&D”) intensive corporations to discover, protect and commercialize their innovations. Clarivate has two reportable segments: Science and Intellectual Property ("IP"). Our segment structure is organized to address customer needs by product line. Our Science segment consists of our Academic and Life Sciences Product Lines. Both provide curated, high-value, structured information that is delivered and embedded into the workflows of our customers, which include research intensive corporations, life science organizations and universities world-wide. Our IP segment consists of our Patent, Trademark, Domain and IP Management Product Lines. These Product Lines helps manage customer's end-to-end portfolios of intellectual property from patents to trademarks to corporate website domains. See Note 21 - Segment Information, for additional information on the Company's reportable segments.

In January 2019, we entered into an Agreement and Plan of Merger (as amended by Amendment No. 1 to the Agreement and Plan of Merger, dated February 26, 2019, and Amendment No. 2 to the Agreement and Plan of Merger, dated March 29, 2019, collectively, the “Merger Agreement”) by and among Churchill, Jersey, CCC Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Clarivate (“Delaware Merger Sub”), Camelot Merger Sub (Jersey) Limited, a private limited company organized under the laws of Jersey, Channel Islands and wholly owned subsidiary of Clarivate (“Jersey Merger Sub”), and the Company, which, among other things, provided for (i) Jersey Merger Sub to be merged with and into Jersey with Jersey being the surviving company in the merger (the “Jersey Merger”) and (ii) Delaware Merger Sub to be merged with and into Churchill with Churchill being the surviving corporation in the merger (the “Delaware Merger”), and together with the Jersey Merger, the “Mergers”.

On May 13, 2019, the 2019 Transaction was consummated, and Clarivate became the sole managing member of Jersey, operating and controlling all of the business and affairs of Jersey, through Jersey and its subsidiaries. Following the consummation of the 2019 Transaction on May 13, 2019, the Company’s ordinary shares and warrants began trading on the New York Stock Exchange. All of the Company’s public warrants have subsequently been redeemed. See Note 16 - Shareholders’ Equity for further information regarding the redemption of the Company’s public warrants.

The 2019 Transaction was accounted for as a reverse recapitalization in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Under this method of accounting, Churchill was treated as the "acquired" company for financial reporting purposes. This determination was primarily based on post 2019 Transaction relative voting rights, composition of the governing board, size of the two entities pre-merger, and intent of the 2019 Transaction. Accordingly, for accounting purposes, the 2019 Transaction was treated as the equivalent of the Company issuing stock for the net assets of Churchill. The net assets of Churchill were stated at historical cost, with no goodwill or other intangible assets resulting from the 2019 Transaction. Reported amounts from operations included herein prior to the 2019 Transaction are those of Jersey.

In February 2020, the Company consummated a public offering of 27,600,000 ordinary shares at $20.25 per share. In June 2020, the Company consummated a public offering of 50,400,000 of our ordinary shares at a share price of $22.50 per share. Of the 50,400,000 ordinary shares, 14,000,000 were ordinary shares offered by Clarivate and 36,400,000 were ordinary shares offered by selling shareholders. The Company received approximately $304,030 in net proceeds from the sale of its ordinary shares, after deducting underwriting discounts and estimated offering expenses payable. We used the net proceeds, in conjunction with the new $1,600,000 incremental term loan facility available to Clarivate on October 1, 2020, and cash on the balance sheet to fund the repayment of CPA Global's parent company outstanding debt of $2,055,822. The Company did not receive any proceeds from the sale of ordinary shares by the selling shareholders. Additionally, in connection with the acquisition of CPA Global, on October 1, 2020, the Company issued 216,683,778 shares to Redtop Holdings Limited, a portfolio company of Leonard Green & Partners, L.P. representing approximately 35% ownership of Clarivate. After giving effect to the Company's acquisition of CPA Global, Onex Corporation and Baring owned approximately 11.4% and 4.5%, respectively, of the Company's ordinary shares.

***Risks and Uncertainties***

In March 2020, the World Health Organization characterized COVID-19 as a pandemic. The rapid spread of COVID-19 and the continuously evolving responses to combat it have had an increasingly negative impact on the global economy. In view of the rapidly changing business environment, market volatility and heightened degree of uncertainty resulting from COVID-19, we are currently unable to fully determine its future impact on our business. However, we continue to assess the potential effect on our financial position, results of operations, and cash flows. If the global pandemic continues to evolve into a prolonged crisis, the effects could have an adverse impact on the Company's results of operations, financial condition and cash flows.

**Note 2: Basis of Presentation**

The accompanying unaudited Condensed Consolidated Financial Statements were prepared in conformity with U.S. GAAP. The Condensed Consolidated Financial Statements do not include all of the information or notes necessary for a complete presentation in accordance with U.S. GAAP. Accordingly, these Condensed Consolidated Financial Statements should be read in conjunction with the Company’s annual financial statements as of and for the year ended December 31, 2020. The results of operations for the three months ended March 31, 2021 and 2020 are not necessarily indicative of the operating results for the full year.

In the opinion of management, the quarterly financial data includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the quarterly periods presented. The Condensed Consolidated Financial Statements of the Company include the accounts of all of its subsidiaries. Subsidiaries are entities over which the Company has control, where control is defined as the power to govern financial and operating policies. Generally, the Company has a shareholding of more than 50% of the voting rights in its subsidiaries. The effect of potential voting rights that are currently exercisable is considered when assessing whether control exists. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases. Intercompany accounts and transactions have been eliminated in consolidation.

During the fourth quarter of 2020, the Company realigned its reporting structure and changed the manner in which performance is assessed. The two operating segments created include the Science Group and the Intellectual Property Group. The segment reporting changes were retrospectively applied to all periods presented. Certain reclassifications of prior year's data have been made to conform to the current year's presentation of reportable segment information as disclosed in Note 21 - Segment Information and financial statement line items within the Condensed Consolidated Statements of Operations.

**Note 3: Summary of Significant Accounting Policies**

Our significant accounting policies are those that we believe are important to the portrayal of our financial condition and results of operations, as well as those that involve significant judgments or estimates about matters that are inherently uncertain. There have been no material changes to the significant accounting policies discussed in Item 8. – Financial Statements and Supplementary Data – Notes to the Consolidated Financial Statements – Note 3 of our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2020, which was filed with the SEC on May 10, 2021 (the "Amended Form 10-K").

***Newly Adopted Accounting Standards***

In June 2016, the Financial Accounting Standards Board ("FASB") issued new guidance, ASU 2016-13, related to measurement of credit losses on financial instruments which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. This new guidance replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. The Company has determined that the impact of this new accounting guidance primarily affects our accounts receivable. The Company prospectively adopted the standard on January 1, 2020. The adoption of this standard had an impact of $10,097 on the beginning Accumulated deficit balance in the Condensed Consolidated Balance Sheets as of January 1, 2020. In April 2019 and November 2019, the FASB issued ASU 2019-05 and ASU 2019-11, respectively, effective for the same period as ASU 2016-03. These updates offered options to entities intended to bring transition relief and offered clarification on the previously issued standard, respectively. The Company's accounting for credit losses did not change as a result of these two updates.

In August 2018, the FASB issued guidance, ASU 2018-14, which modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The guidance is effective for all entities for fiscal years beginning after December 15, 2020. The adoption of this standard did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

In August 2018, the FASB issued guidance, ASU 2018-15, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the amendments in this update. The Company prospectively adopted the standard on January 1, 2020. The adoption of this standard did not have a material impact on the Company’s Condensed Consolidated Financial Statements. All future capitalized implementation costs incurred related to these hosting arrangements will be recorded as a prepaid asset and as a charge to operating expenses over the expected life of the contract.

In April 2019, the FASB issued ASU 2019-04, Codification Improvements to Topic 326, which provides targeted improvements or clarification and correction to the ASU 2016-01 Financial Instruments Overall, ASU 2016-13 Financial Instruments Credit Losses, and ASU 2017-12 Derivatives and Hedging, accounting standards updates that were previously issued. The guidance is effective upon adoption of the related standards. The Company prospectively adopted the standard on January 1, 2020. This standard did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

In November 2019, the FASB issued ASU 2019-10, Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842), which provides improvements or clarification and correction to the ASU 2016-02 Leases, ASU 2016-13 Financial Instruments Credit Losses, and ASU 2017-12 Derivatives and Hedging, accounting standards updates. The guidance is effective upon adoption of the three ASUs, all of which the Company had already adopted. This standard did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

In December 2019, the FASB issued ASU 2019-12, which enhances and simplifies various aspects of the income tax accounting guidance, including requirements such as tax basis step-up in goodwill obtained in a transaction that is not a business combination, ownership changes in investments, and interim-period accounting for enacted changes in tax law. The guidance is effective for all entities for fiscal years beginning after December 15, 2020. The adoption of this new standard in Q1 2021 did not have a material impact on the Company's Condensed Consolidated Financial Statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform, which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The guidance is effective for all entities from the period March 12, 2020 through December 31, 2022. The Company has elected the optional expedients for its interest rate swap agreements and debt agreements with reference to LIBOR. Upon meeting the specified criteria in the guidance, the Company will continue to account for its interest rate swaps in accordance with hedge accounting and will not apply modification accounting to its debt agreements. In January 2021, the FASB issued ASU 2021-01, which made clarifications relating to the previously issued Reference Rate Reform guidance effective for the same period as ASU 2020-04. This clarification did not have an effect on how the Company accounts for its interest rate swaps and debt agreements.

***Recently Issued Accounting Standards***

As of March 31, 2021, the Company implemented all applicable new accounting standards and updates issued by the FASB that were in effect. There were no other new accounting standards or updates issued or effective as of March 31, 2021, that have, or are expected to have, a material impact on the Company's Condensed Consolidated Financial Statements.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

**Note 4: Business Combinations**

***Acquisition of Decision Resources Group***

On February 28, 2020, we acquired 100% of the assets, liabilities and equity interests of Decision Resources Group ("DRG"), a premier provider of high-value data, analytics and insights products and services to the healthcare industry, from Piramal Enterprises Limited ("PEL"), which is a part of global business conglomerate Piramal Group. The acquisition helps us expand our core businesses and provides us with the potential to grow in the Life Sciences Product Line.

The aggregate consideration paid in connection with the closing of the DRG acquisition was $964,997, comprised of $900,000 of base cash plus $6,100 of adjusted closing cash paid on the closing date and 2,895,638 of the Company's ordinary shares issued to PEL on March 5, 2021. The contingent stock consideration was valued at $58,897 on the closing date and was revalued at each period end until the issuance date. For the three months ended March 31, 2021, the fair value of the contingent stock consideration decreased by $24,410, which was recorded to selling, general and administrative costs in the Condensed Consolidated Statements of Operations. The corresponding liability was $86,029 as of December 31, 2020 and recorded to Accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheets. As the liability settled on March 5, 2021 with the Company issuing 2,895,638 ordinary shares valued at $61,619, there was no liability captured within the March 31, 2021 Condensed Consolidated Balance Sheet. See Note 22 - Commitments and Contingencies for more information. The DRG acquisition was accounted for using the acquisition method of accounting. The excess of the purchase price over the net tangible and intangible assets is recorded to Goodwill and primarily reflects the assembled workforce and expected synergies. Goodwill is not deductible for tax purposes. During the three months ended March 31, 2021, total transaction costs incurred in connection with the acquisition of DRG was a net gain of $24,383 due to the decrease to the fair value of the contingent stock consideration between December 31, 2020 and March 5, 2021. Total transaction costs during the three months ended March 31, 2020 were $19,762.

The amount of Revenues, net and Net loss resulting from the acquisition that are attributable to the Company's stockholders and included in the Condensed Consolidated Statements of Operations and Comprehensive Loss were as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| | **2021** | **2020** |
| Revenues, net (1) | $ 44,320 | $ 17,044 |
| Net loss attributable to the Company's stockholders | $ (7,831) | $ (606) |

(1) Includes $1,534 of a deferred revenue adjustment recognized during the three months ended March 31, 2020.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

The following table summarizes the final purchase price allocation for this acquisition:

| | | Total |
|---|---|---|
| Accounts receivable | $ | 52,193 |
| Prepaid expenses | | 4,295 |
| Other current assets | | 68,001 |
| Property and equipment, net | | 4,136 |
| Other intangible assets[1] | | 491,366 |
| Other non-current assets | | 2,960 |
| Operating lease right-of-use assets | | 25,099 |
| Total assets | $ | 648,050 |
| Accounts payable | | 3,474 |
| Accrued expenses and other current liabilities | | 88,561 |
| Current portion of deferred revenue | | 35,126 |
| Current portion of operating lease liabilities | | 5,188 |
| Deferred income taxes | | 47,467 |
| Non-current portion of deferred revenue | | 936 |
| Operating lease liabilities | | 20,341 |
| Total liabilities | | 201,093 |
| Fair value of acquired identifiable assets and liabilities | $ | 446,957 |
| | | |
| Purchase price, net of cash[2] | | 944,220 |
| Less: Fair value of acquired identifiable assets and liabilities | | 446,957 |
| Goodwill | $ | 497,263 |

(1) Includes $3,966 of internally developed software in progress acquired.
(2) The Company acquired cash of $20,777.

The identifiable intangible assets acquired are amortized on a straight-line basis over their estimated useful lives. The following table summarizes the estimated fair value of DRG's identifiable intangible assets acquired and their remaining amortization period (in years):

| | | Fair Value as of February 28, 2020 | Remaining Range of Years |
|---|---|---|---|
| Customer relationships | $ | 381,000 | 10-21 |
| Database and content | | 50,200 | 2-7 |
| Trade names | | 5,200 | 4-7 |
| Purchased software | | 23,000 | 3-8 |
| Backlog | | 28,000 | 4 |
| Total identifiable intangible assets | $ | 487,400 | |

During the year ended December 31, 2020, there were additional purchase accounting adjustments of $1,804. These adjustments were related to fixed assets, deferred revenue and legal accrual with a corresponding net decrease to goodwill.

Unaudited pro forma information for the Company for the periods presented as if the acquisition had occurred January 1, 2019 is as follows:

*(In thousands, except share and per share data, option prices, ratios or as noted)*

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2020 |
| Pro forma revenues, net | $ 428,430 | $ 265,341 |
| Pro forma net loss attributable to the Company's stockholders[1] | (23,954) | (120,070) |

(1) The Pro forma net loss attributable to the Company's stockholders for the three months ended March 31, 2020 has been restated. See Note 25 - Restatement of Previously Issued Condensed Financial Statements for more information.

The unaudited pro forma financial information has been presented for illustrative purposes only and is not necessarily indicative of results of operations that would have been achieved had the acquisition taken place on the date indicated, or the future consolidated results of operations of the Company. The pro forma financial information presented above has been derived from the historical consolidated financial statements of the Company and from the historical accounting records of DRG.

The unaudited pro forma results include certain pro forma adjustments to revenue and net loss that were directly attributable to the acquisition, assuming the acquisition had occurred on January 1, 2019, including the following: (i) additional amortization expense that would have been recognized relating to the acquired intangible assets, (ii) adjustments to interest expense to reflect the removal of DRG debt and the additional Company borrowings in conjunction with the acquisition, (iii) acquisition-related transaction costs and other one-time non-recurring costs which reduced expenses by $24,926 for the three months ended March 31, 2020.

***Acquisition of CPA Global***

On October 1, 2020, we acquired 100% of the assets, liabilities and equity interests of CPA Global, a global leader in intellectual property software and tech-enabled services from Redtop Holdings Limited ("Redtop"). The acquisition helps Clarivate create a true end-to-end platform supporting the full IP lifecycle from idea generation to commercialization and protection.

Clarivate acquired all of the outstanding shares of CPA Global in a cash and stock transaction. The aggregate consideration in connection with the closing of the CPA Global acquisition was $8,740,556, net of $99,043 cash acquired and including an equity holdback consideration of $46,485. The aggregate consideration was composed of (i) $6,761,515 from the issuance of up to 218,183,778 ordinary shares to Redtop Holdings Limited, a portfolio company of Leonard Green & Partners, L.P., representing approximately 35% *pro forma* fully diluted ownership of Clarivate and (ii) approximately $2,078,084 in cash to fund the repayment of CPA Global's parent company outstanding debt of $2,055,822 and related interest swap termination fee of $22,262. Of the 218,306,663 ordinary shares issuable in the acquisition, Clarivate issued 216,683,778 ordinary shares as of October 1, 2020.

| | |
|---|---|
| Issuance of 218,183,778 shares | $ 6,761,515 |
| Cash paid for repayment of CPA Global's parent company debt and related interest rate swap termination charge | 2,078,084 |
| Total purchase price | 8,839,599 |
| Cash acquired | (99,043) |
| Total purchase price, net of cash acquired | $ 8,740,556 |

The excess of the purchase price over the net tangible and intangible assets is recorded to Goodwill and primarily reflects the assembled workforce and expected synergies. Goodwill is not deductible for tax purposes. Total transaction costs incurred in connection with the acquisition of CPA Global was a net gain of $3,190 and $0 for three months ended March 31, 2021 and 2020, respectively.

The amount of Revenues, net and Net loss resulting from the acquisition that are attributable to the Company's stockholders and included in the Consolidated Statements of Operations and Comprehensive Loss were as follows:

*(In thousands, except share and per share data, option prices, ratios or as noted)*

| | Three Months Ended March 31, 2021 | |
|---|---|---|
| Revenues, net [1] | $ | 152,576 |
| Net loss attributable to the Company's stockholders | $ | (17,052) |

(1) Includes $3,002 of a deferred revenue adjustment recognized during the three months ended March 31, 2021.

The purchase price allocation for the CPA Global acquisition as of the close date of October 1, 2020 is preliminary and may change upon completion of the determination of the fair value of assets acquired and liabilities assumed. The following table summarizes the preliminary purchase price allocation for this acquisition:

| | Total | |
|---|---|---|
| Accounts receivable | $ | 379,346 |
| Prepaid expenses | | 27,595 |
| Other current assets | | 215,364 |
| Property and equipment, net | | 12,288 |
| Other intangible assets | | 4,920,317 |
| Deferred income taxes | | 19,310 |
| Other non-current assets | | 24,613 |
| Operating lease right-of-use assets | | 30,649 |
| Total assets | $ | 5,629,482 |
| Accounts payable | | 53,501 |
| Accrued expenses and other current liabilities | | 412,993 |
| Current portion of deferred revenue | | 179,619 |
| Current portion of operating lease liabilities | | 7,738 |
| Non-current portion of deferred revenue | | 16,786 |
| Deferred income taxes | | 302,307 |
| Other non-current liabilities | | 43,785 |
| Operating lease liabilities | | 23,615 |
| Total liabilities | | 1,040,344 |
| Fair value of acquired identifiable assets and liabilities | $ | 4,589,138 |
| | | |
| Purchase price, net of cash[1] | $ | 8,740,556 |
| Less: Fair value of acquired identifiable assets and liabilities | | 4,589,138 |
| Goodwill | $ | 4,151,418 |

(1) The Company acquired cash of $99,043.

During the three months ended March 31, 2021, the Company recorded measurement period adjustments related to the valuation of cash, accounts receivables, accrued expenses legal accruals, and deferred revenue with a corresponding net decrease to goodwill in the amount of $8,121. The valuation of CPA Global's opening balance sheet cash and accounts receivable increased by $433 and $6,222, respectively, which decreased CPA Global's Goodwill balance by a similar amount. There was a $1,289 and $361 increase in the legal accrual and deferred income taxes liability, respectively, which increased CPA Global's Goodwill balance. There was a decrease in accrued expenses and deferred revenue in the amount of $2,358 and $756, respectively, which decreased CPA Global's Goodwill balance.

The identifiable intangible assets acquired are amortized on a straight-line basis over their estimated useful lives. The following table summarizes the estimated fair value of CPA Global's identifiable intangible assets acquired and their remaining amortization period (in years):

*(In thousands, except share and per share data, option prices, ratios or as noted)*

| | Fair Value as of October 1, 2020 | Remaining Range of Years |
|---|---|---|
| Customer relationships | $ 4,643,306 | 17-23 |
| Technology | 266,224 | 6-14 |
| Trademarks | 10,787 | 2-17 |
| Total identifiable intangible assets | $ 4,920,317 | |

***Acquisition of Beijing IncoPat***

On October 26, 2020, the Company acquired 100% of the equity voting interest in Beijing IncoPat Technology Co., Ltd. ("IncoPat"). IncoPat is a leading patent information service provider in China via cash on hand. IncoPat is complementary to Clarivate's intellectual property portfolio. The Company paid $52,133 in cash to acquire IncoPat. As of December 31, 2020 and March 31, 2021, $6,313 of the consideration is held in escrow and will be paid in a future period. Until this balance is paid it will be held in restricted cash with the offsetting liability within accrued expenses and other current liabilities. The excess of the purchase price over the net tangible and intangible assets is recorded to Goodwill and primarily reflects the assembled workforce and expected synergies. Goodwill is not deductible for tax purposes. Total transactions costs incurred in connection with the acquisition of IncoPat were immaterial and $0 for the three months ended March 31, 2021 and 2020, respectively. IncoPat contributed revenues of $2,236 and a net loss of $73 to the Company's March 31, 2021 results and did not have an impact on March 31, 2020 results.

The purchase price allocation for the IncoPat acquisition as of the close date of October 26, 2020 is preliminary and may change upon completion of the determination of the fair value of assets acquired and liabilities assumed. The following table summarizes the preliminary purchase price allocation for the acquisition:

| | Total |
|---|---|
| Accounts receivable | $ 1,132 |
| Prepaid expenses | 168 |
| Other current assets | 100 |
| Property and equipment, net | 354 |
| Other intangible assets | 21,957 |
| Other non-current assets | 283 |
| Total assets | $ 23,994 |
| Accounts payable | 73 |
| Accrued expenses and other current liabilities | 843 |
| Current portion of deferred revenue | 6,334 |
| Deferred income taxes | 4,802 |
| Other non-current liabilities | 283 |
| Total liabilities | $12,335 |
| Fair value of acquired identifiable assets and liabilities | $ 11,659 |
| | |
| Purchase price, net of cash[1] | 52,133 |
| Less: Fair value of acquired identifiable assets and liabilities | 11,659 |
| Goodwill | $ 40,474 |

(1) The Company acquired cash of $844.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

The identifiable intangible assets acquired are amortized on a straight-line basis over their estimated useful lives. The following table summarizes the estimated fair value of Beijing IncoPat's identifiable intangible assets acquired and their remaining weighted-average amortization period (in years):

| | Fair Value as of October 26, 2020 | Remaining Amortization Period (in years) |
|---|---|---|
| Customer relationships | $ 19,989 | 11 |
| Existing technology | $ 1,892 | 6 |
| Trade names | $ 76 | 2 |
| Total identifiable intangible assets | $ 21,957 | |

***Acquisition of Hanlim IPS Co., LTC***

On November 23, 2020, the Company acquired 100% of the equity voting interest in Hanlim IPS Co., LTC ("Hanlim IPS") Hanlim IPS is a patent research and consulting services provider in South Korea. The acquisition's purpose is to accelerate innovation in South Korea by offering a more comprehensive range of IP information and insights solutions. The Company paid $9,254 in cash to acquire Hanlim IPS. The excess of the purchase price over the net tangible and intangible assets is recorded to Goodwill and primarily reflects the assembled workforce and expected synergies. Goodwill is not deductible for tax purposes. Total transactions costs incurred in connection with the acquisition of Hanlim were immaterial and $0 for the three months ended March 31, 2021 and 2020, respectively. Hanlim IPS contributed revenue of $291 and net income of $19 to the Company's March 31, 2021 results and did not have an impact on March 31, 2020 results.

The purchase price allocation for the Hanlim IPS acquisition as of the close date of November 23, 2020 is preliminary and may change upon completion of the determination of the fair value of assets acquired and liabilities assumed. The following table summarizes the preliminary purchase price allocation for this acquisition:

| | Total |
|---|---|
| Accounts receivable | $ 44 |
| Prepaid expenses | 7 |
| Other current assets | 844 |
| Property and equipment, net | 75 |
| Other intangible assets | 8,805 |
| Other non-current assets | 94 |
| Total assets | $ 9,869 |
| Accounts payable | 27 |
| Accrued expenses and other current liabilities | 1,512 |
| Deferred income taxes | 1,937 |
| Total liabilities | 3,476 |
| Fair value of acquired identifiable assets and liabilities | $ 6,393 |
| | |
| Purchase price, net of cash[(1)] | 9,254 |
| Less: Fair value of acquired identifiable assets and liabilities | 6,393 |
| Goodwill | $ 2,861 |

[(1)]The Company acquired cash of $2,191.

The identifiable intangible assets acquired are amortized on a straight-line basis over their estimated useful lives. The following table summarizes the estimated fair value of Hanlim's identifiable intangible assets acquired and their remaining amortization period (in years):

*(In thousands, except share and per share data, option prices, ratios or as noted)*

| | Fair Value as of November 23, 2020 | Remaining Range of Years |
|---|---|---|
| Customer relationships | $ 7,832 | 11-13 |
| Trade name | 15 | 2 |
| Non-compete agreements | 958 | 5 |
| Total identifiable intangible assets | $ 8,805 | |

**Note 5: Assets Held for Sale and Divested Operations**

On November 6, 2020, the Company completed the sale of certain assets and liabilities of the Techstreet business to The International Society of Interdisciplinary Engineers LLC for a total purchase price of $42,832, of which $4,300 will be held in escrow and paid to the Company in a future period. As a result of the sale, the Company recorded a net gain on sale of $28,140, inclusive of incurred transaction costs of $115 in connection with the divestiture during the fourth quarter of 2020. The gain on sale is included in Other operating income (expense), net within the Consolidated Statements of Operations during the year ended December 31, 2020. As a result of the sale, the Company wrote off balances associated with Techstreet including intangible assets of $10,179 and Goodwill in the amount of $9,129. The Company used the proceeds for general business purposes.

On November 3, 2019, the Company entered into an agreement with OpSec Security for the sale of certain assets and liabilities of its MarkMonitor Product Line within its IP Group. The divestiture closed on January 1, 2020 for a total purchase price of $3,751. An impairment charge of $18,431 was recognized in the Consolidated Statements of Operations during the year ended December 31, 2019, to write down the Assets and Liabilities of the disposal group to fair value. Of the total impairment charge, $17,967 related to the write down of intangible assets and $468 to the write down of goodwill. There was an immaterial loss on the divestiture recorded to Other operating income (expense), net during the three months ended March 31, 2020. The Company used the proceeds for general business purposes.

The divestitures of Techstreet and certain assets and liabilities of MarkMonitor did not represent a strategic shift and are not expected to have a major effect on the Company's operations or financial results, as defined by ASC 205-20, *Discontinued Operations*; as a result, the divestitures do not meet the criteria to be classified as discontinued operations.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

**Note 6: Accounts Receivable**

Our accounts receivable balance consists of the following as of March 31, 2021 and December 31, 2020:

| | March 31, 2021 | December 31, 2020 |
|---|---|---|
| Accounts receivable | $ 715,219 | $ 746,478 |
| Less: Accounts receivable allowance | (8,340) | (8,745) |
| Accounts receivable, net | $ 706,879 | $ 737,733 |

The Company estimates credit losses for trade receivables by aggregating similar customer types together, because they tend to share similar credit risk characteristics, taking into consideration the number of days the receivable is past due. Provision rates for the allowance for doubtful accounts are based upon the historical loss method by evaluating factors such as the length of time receivables that are past due and historical collection experience. Additionally, provision rates are based upon current and future economic and competitive environment factors that could impact the collectability of the receivable. Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include past due status greater than 360 days or bankruptcy of the debtor. The activity in our accounts receivable allowance consists of the following for the three months ended March 31, 2021 and year ended December 31, 2020, respectively:

| | March 31, 2021 | December 31, 2020 |
|---|---|---|
| Balance at beginning of year | $ 8,745 | $ 16,511 |
| Additional provisions | 1,495 | 4,339 |
| Write-offs | (2,069) | (22,205) |
| Opening balance sheet adjustment- ASU 2016 -13 adoption | — | 10,097 |
| Exchange differences | 169 | 3 |
| Balance at the end of year | $ 8,340 | $ 8,745 |

The potential for credit losses is mitigated because customer creditworthiness is evaluated before credit is extended.

The Company recorded write-offs against the reserve of $2,069 and $22,205 for the three months ended March 31, 2021 and year ended December 31, 2020, respectively.

We are monitoring the impacts from the COVID-19 pandemic on our customers and various counterparties. During the three months ended March 31, 2021 and year ended December 31, 2020, the Company's allowance for doubtful accounts and credit losses considered additional risk related to the pandemic. However, this risk to-date was not considered material.

**Note 7: Leases**

The Company has multiple agreements to sublease operating lease right of use assets and recognized $755 and $0 of sublease income for three months ended March 31, 2021 and 2020, respectively, within Selling, general and administrative costs in the Condensed Consolidated Statements of Operations.

The Company evaluates long-lived assets for indicators of impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company considers a triggering event to have occurred upon exiting a facility if the expected undiscounted cash flows for the sublease period are less than the carrying value of the assets group. An impairment charge is recorded in the excess of each operating lease right-of-use asset's carrying amount over its estimated fair value. In connection with the Company's digital workplace transformation initiative to enable colleagues to work remotely, the Company ceased the use of select leased sites during the three months ended March 31, 2021. As a result, the Company recorded a non-cash impairment charge to Restructuring and impairment within the Condensed

(In thousands, except share and per share data, option prices, ratios or as noted)

Consolidated Statement of Operations based on the estimate of future recoverable cash flows of $40,984 and $0 for three months ended March 31, 2021 and 2020, respectively. As part of the impairment charge, the carrying value of the Operating lease right of use asset was reduced by $40,984, which are non-cash charges. Additionally, the Company incurred $3,104 in lease termination fees during the three months ended March 31, 2021. See Note 24 - Restructuring and Impairment and Note 26 - Subsequent Events for further information.

**Note 8: Property and Equipment, Net**

Property and equipment, net consisted of the following:

| | March 31, 2021 | December 31, 2020 |
|---|---|---|
| Computer hardware | $ 39,909 | $ 38,253 |
| Leasehold improvements | 18,734 | 21,614 |
| Furniture, fixtures and equipment | 12,731 | 13,201 |
| Total property and equipment, gross | 71,374 | 73,068 |
| Accumulated depreciation | (37,809) | (36,801) |
| Total property and equipment, net | $ 33,565 | $ 36,267 |

Depreciation amounted to $3,333, and $2,329 for the three months ended March 31, 2021 and 2020, respectively.

**Note 9: Other Intangible Assets, net and Goodwill**

***Other Intangible Assets, net***

The following tables summarize the gross carrying amounts and accumulated amortization of the Company’s identifiable intangible assets by major class:

| | March 31, 2021 | | | December 31, 2020 | | |
|---|---|---|---|---|---|---|
| | Gross | Accumulated Amortization | Net | Gross | Accumulated Amortization | Net |
| **Finite-lived intangible assets** | | | | | | |
| Customer relationships | $ 5,600,118 | $ (322,719) | $ 5,277,399 | $ 5,598,175 | $ (261,350) | $ 5,336,825 |
| Databases and content | 1,842,783 | (494,041) | 1,348,742 | 1,848,041 | (464,683) | 1,383,358 |
| Computer software | 682,948 | (238,093) | 444,855 | 658,976 | (209,611) | 449,365 |
| Trade names | 16,779 | (5,703) | 11,076 | 18,606 | (2,360) | 16,246 |
| Backlog | 29,202 | (7,738) | 21,464 | 29,216 | (5,905) | 23,311 |
| Finite-lived intangible assets | 8,171,830 | (1,068,294) | 7,103,536 | 8,153,014 | (943,909) | 7,209,105 |
| **Indefinite-lived intangible assets** | | | | | | |
| Trade names | 162,961 | — | 162,961 | 161,245 | — | 161,245 |
| Total intangible assets | $ 8,334,791 | $ (1,068,294) | $ 7,266,497 | $ 8,314,259 | $ (943,909) | $ 7,370,350 |

Amortization amounted to $128,321 and $49,112 for the three months ended March 31, 2021 and 2020, respectively.

In June 2020, the Company acquired the assets of CustomersFirst Now for a purchase price of $6,446, which was accounted for as an asset acquisition. As a result, the Company's identifiable intangible assets increased by $6,446, which consisted of $5,446 of databases and content and $1,000 of computer software. The databases and process methodology and the computer software have a remaining weighted average amortization period of 5.0 years and 3.0 years, respectively. The total remaining weighted average amortization period is 4.7 years.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

### *Goodwill*

The change in the carrying amount of goodwill is shown below:

| | Science Segment | Intellectual Property Segment | Consolidated Total |
|---|---|---|---|
| Balance as of December 31, 2019 | $ 909,937 | $ 418,108 | $ 1,328,045 |
| Acquisition | 497,263 | 4,202,875 | 4,700,138 |
| Divestiture | — | (9,129) | (9,129) |
| Impact of foreign currency fluctuations and other | 607 | 232,975 | 233,582 |
| Balance as of December 31, 2020 | $ 1,407,807 | $ 4,844,829 | $ 6,252,636 |
| Acquisition[1] | — | (8,121) | (8,121) |
| Impact of foreign currency fluctuations and other | (118) | 1,987 | 1,869 |
| Balance as of March 31, 2021 | $ 1,407,689 | $ 4,838,695 | $ 6,246,384 |

[1] Balance represents $8,121 in purchase accounting adjustments associated with the CPA Global Acquisition.

**Note 10: Derivative Instruments**

Effective March 31, 2017, the Company entered into interest rate swap arrangements with counterparties to reduce its exposure to variability in cash flows relating to interest payments on $300,000 of its outstanding Term Loan arrangements. Additionally, effective February 28, 2018, the Company entered into another interest rate swap relating to interest payments on $50,000 of its outstanding Term Loan arrangements. These hedging instruments matured on March 31, 2021. The Company applies hedge accounting by designating the interest rate swaps as a hedge on applicable future quarterly interest payments.

In April 2019, the Company entered into interest rate swap arrangements with counterparties to reduce its exposure to variability in cash flows relating to interest payments on $50,000 of its term loans, effective April 30, 2021. Additionally, in May 2019, the Company entered into additional interest rate swap arrangements with counterparties to reduce its exposure to variability in cash flows relating to interest payments on $100,000 of its term loan, effective March 2021. Both of these derivatives have notional amounts that amortize downward, and both have a maturity of September 2023. The Company will apply hedge accounting by designating the interest rate swaps as a hedge in applicable future quarterly interest payments.

Changes in the fair value are recorded in Accumulated other comprehensive income(loss) ("AOCI") and the amounts reclassified out of AOCI are recorded to Interest expense, net. The fair value of the interest rate swaps is recorded in Other current assets or Accrued expenses and other current liabilities and Other non-current assets or liabilities, according to the duration of related cash flows. The total fair value of the interest rate swaps was a liability of $3,394 as of March 31, 2021 and a liability of $5,159 as of December 31, 2020.

In March 2020, the Company amended all of its interest rate derivatives to reduce the 1% LIBOR floor to a 0% LIBOR floor. For the current derivatives, all other terms and conditions remain unchanged. The Company collected $1,737 in the year ended December 31, 2020, for the amendments of these derivatives. For the two forward starting swaps, an adjustment was made to reduce the weighted average fixed rate from 2.183% at December 31, 2019 to 1.695% at the amendment date.

The Company had a period of ineffectiveness related to the cash flow hedges in the three months ended March 31, 2020. The ineffectiveness was due to a drop in LIBOR rates below the LIBOR floor defined per the credit facilities, which were amended on March 31, 2020, resulting in a highly effective hedge. As a result of the ineffectiveness, the Company recognized a loss of $978 for the three months ended March 31, 2020, which was recorded to Interest expense, net on the Consolidated Statements of Operations. As of March 31, 2021, there was no hedge ineffectiveness associated with the Company's interest rate swaps.

In March 2021, the Company entered into interest rate swap arrangements with counterparties to reduce its exposure to variability in cash flows relating to interest payments on $350,000 of its term loans and replaced the interest rate swaps that matured during March 2021. These interest rate swap arrangements are effective March 31, 2021 and have a maturity date of March 31, 2024.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

The following table summarizes the changes in AOCI (net of tax) related to cash flow hedges for the three months ended March 31, 2021:

| | | |
|---|---|---|
| AOCI Balance at December 31, 2020 | $ | (3,756) |
| Derivative losses recognized in Other comprehensive loss | | 192 |
| Amount reclassified out of Other comprehensive loss to Net loss | | 1,148 |
| AOCI Balance at March 31, 2021 | $ | (2,416) |

The following table summarizes the changes in AOCI (net of tax) related to cash flow hedges for the three months ended March 31, 2020:

| | | |
|---|---|---|
| AOCI Balance at December 31, 2019 | $ | (2,778) |
| Derivative losses recognized in Other comprehensive loss | | (3,160) |
| Amount reclassified out of Other comprehensive loss to Net loss | | 270 |
| AOCI Balance at March 31, 2020 | $ | (5,668) |

***Foreign Currency Forward Contracts***

In September 2020, the Company entered into two foreign exchange forward contracts to reduce its exposure to variability in cash flows relating to funding of the repayment of CPA Global's parent company outstanding debt on October 1, 2020. This contract was settled as of October 1, 2020. The Company recognized a gain from the mark to market adjustment of $0 and $0, in Other operating income, net on the Condensed Consolidated Statements of Operations for the three months ended March 31, 2021 and 2020. The nominal amount of outstanding foreign currency contracts was $0 and $0 as of March 31, 2021 and December 31, 2020.

The Company periodically enters into foreign currency contracts. The purpose of these derivative instruments is to help manage the Company's exposure to foreign exchange rate risks within the acquired CPA Global business. These contracts generally do not exceed 180 days in duration. The Company recognized a gain from the mark to market adjustment of $1,023 and $0, in Other operating income, net on the Condensed Consolidated Statements of Operations for the three months ended March 31, 2021 and 2020. The nominal amount of outstanding foreign currency contracts was $331,702 and $354,751 as of March 31, 2021 and December 31, 2020, respectively.

The Company accounts for these forward contracts at fair value and recognizes the associated realized and unrealized gains and losses in Other operating income (expense), net in the Condensed Consolidated Statements of Operations, as the contracts are not designated as accounting hedges under the applicable sections of ASC Topic 815. The total fair value of the forward contracts represented an asset balance of $81 and $8,574 and a liability balance of $3,909 and $106 as of March 31, 2021 and December 31, 2020, respectively, which was classified within Other current assets and Accrued expenses and other current liabilities, respectively, on the Condensed Consolidated Balance Sheets. The Company recognized gains from the mark to market adjustment of $1,023 and $0 in Other operating income (expense), net on the Condensed Consolidated Statements of Operations for the three months ended March 31, 2021 and 2020, respectively.

See Note 11 - Fair Value Measurements for additional information on derivative instruments.

**Note 11: Fair Value Measurements**

The Company records certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy that prioritizes the inputs used to measure fair value is described below. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Below is a summary of the valuation techniques used in determining fair value:

Derivatives - Derivatives consist of foreign exchange contracts and interest rate swaps. The fair value of foreign exchange contracts is based on observable market inputs of spot and forward rates or using other observable rates. The fair value of the interest rate swaps is the estimated amount that the Company would receive or pay to terminate such agreements, taking into account market interest rates and the remaining time to maturities or using market inputs with mid-market pricing as a practical expedient for bid-ask spread. See Note 10 - Derivative Instruments for additional information.

Contingent consideration - The Company values contingent cash consideration related to business combinations using a weighted probability calculation of potential payment scenarios discounted at rates reflective of the risks associated with the expected future cash flows. Key assumptions used to estimate the fair value of contingent consideration include revenue, net new business and operating forecasts and the probability of achieving the specific targets. The Company values contingent stock consideration related to business combinations using observable market data, adjusted for indemnity losses and claims for indemnity losses valued using other indirect market inputs observable in the marketplace.

The carrying value of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and other accruals readily convertible into cash approximate fair value because of the short-term nature of the instruments. The carrying value of the Company's variable interest rate debt, excluding unamortized debt issuance costs and original issue discount, approximates fair value due to the short-term nature of the interest rate benchmark rates. The fair value of the fixed rate debt is estimated based on market observable data for debt with similar prepayment features. The fair value of the Company's debt was $3,553,694 and $3,574,282 at March 31, 2021 and December 31, 2020, respectively. The fair value is considered Level 2 under the fair value hierarchy.

Private Placement Warrants - The Company has determined that the Private Placement Warrants are subject to accounting treatment as a liability. The Company has determined that the fair value of each Private Placement Warrant issued using a Monte Carlo simulation approach for valuations performed through the August 14, 2019 modification described in Note 17 - Employment and Compensation Arrangements, and a Black-Scholes option valuation model thereafter. Accordingly, the warrants issued are classified as Level 3 financial instruments. The assumptions in the models include, but are not limited to, risk-free interest rate, expected volatility of the Company's and the peer group's stock prices, dividend yield, and a discount for lack of marketability ("DLOM") was applied to shares that are subject to remaining post vesting lock up restrictions.

***Assets and Liabilities Recorded at Fair Value on a Recurring Basis***

The Company has determined that its forward contracts, included in other current assets, along with its interest rate swaps, included in Accrued expenses and other current liabilities and Other non-current liabilities according to the duration of related cash flows, reside within Level 2 of the fair value hierarchy.

In accordance with ASC 805, we estimated the fair value of the earn-outs using a Monte Carlo simulation. The amount of the earn-outs approximate fair value due to the short term nature of their remaining payments as of March 31, 2021 and December 31, 2020. This fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in ASC 820. As of December 31, 2020, the Company paid the remaining earn-out liabilities related to Publons and TrademarkVision. These acquisitions occurred in 2017 and 2018, respectively. The amounts payable were contingent upon the achievement of certain company specific milestones and performance metrics including number of cumulative users, cumulative reviews and annual revenue over a 1-year and 3-year period. Changes in the earn-out are recorded to Selling, general and administrative costs in the Consolidated Statements of Operations.

As part of the DRG acquisition, the Company maintained a contingent stock liability based on observable market data relating to the DRG acquisition that occurred on February 28, 2020. Changes in the contingent stock liability were recorded to Selling, general and administrative costs in the Consolidated Statements of Operations. The contingent stock liability was recorded in Accrued expenses and other current liabilities and is classified as Level 2 in the fair value hierarchy. The liability was settled by the issuance of ordinary shares on March 5, 2021. This fair value measurement is based on observable market data and other indirect observable market inputs and thus represents a Level 2 measurement as defined in ASC 820.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

As part of the CPA Global acquisition, the Company maintained a contingent stock liability based on observable market data relating to the CPA Global acquisition that occurred on October 1, 2020. Changes in the contingent stock liability were recorded to Selling, general and administrative costs in the Consolidated Statements of Operations. The contingent stock liability was recorded in Accrued expenses and other current liabilities and is classified as Level 2 in the fair value hierarchy. The liability was settled by the issuance of ordinary shares on January 21, 2021. This fair value measurement is based on observable market data and other indirect observable market inputs and thus represents a Level 2 measurement as defined in ASC 820.

As of March 31, 2021 and December 31, 2020, the Company maintains an employee phantom share plan receivable asset and liability, including an accrued liability for the employer's portion of payroll withholding taxes, which was recorded in connection with the acquisition opening balance sheet. The legacy CPA Global phantom share plan contained a change in control provision for an exit event which included the sale of CPA Global. Upon the exit event, the phantom shares converted into the Company's ordinary shares and the funds were placed into an employee benefit trust to be passed to the Company for payment to the respective employees via Clarivate payroll. The Company is required to withhold employee payroll taxes and will be required to fund and pay employer payroll taxes. The associated asset and liability balances are based on observable market data relating to the CPA Global acquisition that occurred on October 1, 2020. Changes in the receivable asset and liability are recorded to Selling, general and administrative costs in the Consolidated Statements of Operations. The current and non-current portions of the liability are recorded in Accrued expenses and other current liabilities and Other non-current liabilities, respectively. The current and non-current portions of the receivable asset is recorded in Other current assets and Other non-current assets, respectively. The balances are classified as Level 2 in the fair value hierarchy. This fair value measurement is based on observable market data and other indirect observable market inputs and thus represents a Level 2 measurement as defined in ASC 820.

The Company enters into foreign currency contracts that are not designated as hedges as defined under ASC 815. The purpose of these derivatives instruments is to help manage the Company's exposure to foreign exchange rate risks. These contracts are initially recognized at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. These contracts generally do not exceed 180 days in duration, and these instruments are carried as assets when the fair value is positive (Other current assets on the Consolidated Balance Sheets), and as liabilities when the fair value is negative (Other current liabilities on the Consolidated Balance Sheets) The resulting gain or loss is recognized in profit or loss (other operating income (expense), net) immediately.

The Company assesses the fair value of these instruments, considering current and anticipated movements in future interest rates and the relevant currency spot and future rates available in the market. The Company receives third party valuation reports to corroborate our determination of fair value. Accordingly, these instruments are classified as Level 2 inputs.

The following table summarizes the changes in Private Placement Warrant liability as of March 31, 2021 and March 31, 2020.

| | | |
|---|---|---|
| Balance at December 31, 2019 | $ | 111,813 |
| Mark to market adjustment on financial instruments | | 55,632 |
| Exercise of Private Placement Warrants | | — |
| Balance at March 31, 2020 | $ | 167,445 |
| | | |
| Balance at December 31, 2020 | $ | 312,751 |
| Mark to market adjustment on financial instruments | | (51,215) |
| Exercise of Private Placement Warrants | | (3,592) |
| Balance at March 31, 2021 | $ | 257,944 |

*(In thousands, except share and per share data, option prices, ratios or as noted)*

For the three months ended March 31, 2021, there was no earn-out liability. The following table presents the changes in the Level 3 earn-out for the three months ended March 31, 2020:

| | | |
|---|---|---|
| Balance at December 31, 2019 | $ | 11,100 |
| Payment of earn-out liability [1] | | (8,000) |
| Revaluations included in earnings | | 380 |
| Balance at March 31, 2020 | $ | 3,480 |

[1] See Note 22 - Commitments and Contingencies for further details.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

The following table provides a summary of the Company's assets and liabilities that were recognized at fair value on a recurring basis as at March 31, 2021 and December 31, 2020:

| | March 31, 2021 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total Fair Value** |
| **Assets** | | | | |
| Forward contracts asset | $ — | $ 81 | $ — | $ 81 |
| Employee phantom share receivable asset | — | 168,006 | — | 168,006 |
| | — | 168,087 | — | 168,087 |
| **Liabilities** | | | | |
| Warrant liability | — | — | 257,944 | 257,944 |
| Employee phantom share liability - current | — | 171,889 | — | 171,889 |
| Employee phantom share liability - non-current | — | 16,583 | — | 16,583 |
| Forward contracts liability | — | 3,909 | — | 3,909 |
| Interest rate swap liability | — | 3,394 | — | 3,394 |
| Total | $ — | $ 195,775 | $ 257,944 | $ 453,719 |

| | December 31, 2020 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3 (As Restated)** | **Total Fair Value** |
| **Assets** | | | | |
| Forward contracts asset | $ — | $ 8,574 | $ — | $ 8,574 |
| Employee phantom share receivable asset | — | 188,770 | — | 188,770 |
| | — | 197,344 | — | 197,344 |
| **Liabilities** | | | | |
| Warrant liability - (As Restated) | — | — | 312,751 | 312,751 |
| Employee phantom share liability - current | — | 193,162 | — | 193,162 |
| Employee phantom share liability - non-current | — | 18,670 | — | 18,670 |
| Forward contracts liability | — | 106 | — | 106 |
| Interest rate swap liability | — | 5,159 | — | 5,159 |
| Contingent stock liability | — | 130,594 | — | 130,594 |
| Total | $ — | $ 347,691 | $ 312,751 | $ 660,442 |

***Non-Financial Assets Valued on a Non-Recurring Basis***

The Company's long-lived assets, including goodwill, indefinite-lived intangible and finite-lived intangible assets subject to amortization, are measured at fair value on a non-recurring basis. These assets are measured at cost but are written-down to fair value, if necessary, as a result of impairment.

Finite-lived Intangible Assets — If a triggering event occurs, the Company determines the estimated fair value of finite-lived intangible assets by determining the present value of the expected cash flows.

Indefinite-lived Intangible Asset — If a qualitative analysis indicates that it is more likely than not that the estimated fair value is less than the carrying value of an indefinite-lived intangible asset, the Company determines the estimated fair value of the indefinite-lived intangible asset (trade name) by determining the present value of the estimated royalty payments on an after-tax basis that it would be required to pay the owner for the right to use such trade name. If the carrying amount exceeds the estimated fair value, an impairment loss is recognized in an amount equal to the excess.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

Goodwill — Goodwill represents the difference between the purchase price and the fair value of the identifiable tangible and intangible net assets resulting from business combinations. The Company evaluates its goodwill for impairment at the reporting unit level, defined as an operating segment or one level below an operating segment, annually as of October 1 or more frequently if impairment indicators arise in accordance with ASC Topic 350. The Company performs qualitative analysis of macroeconomic conditions, industry and market considerations, internal cost factors, financial performance, fair value history and other company specific events. If this qualitative analysis indicates that it is more likely than not that the estimated fair value is less than the book value for the respective reporting unit, the Company applies a two-step impairment test in which the Company determines whether the estimated fair value of the reporting unit is in excess of its carrying value. If the carrying value of the net assets assigned to the reporting unit exceeds the estimated fair value of the reporting unit, the Company performs the second step of the impairment test to determine the implied estimated fair value of the reporting unit's goodwill. The Company determines the implied estimated fair value of goodwill by determining the present value of the estimated future cash flows for each reporting unit and comparing the reporting unit's risk profile and growth prospects to selected, reasonably similar publicly traded companies.

Right of Use Asset — The guidance in ASC 360-10 requires three steps to identify, recognize and measure the impairment of a long-lived asset (asset group) to be held and used. The Company evaluates whether there are indicators of impairment present (i.e., whether there are any events or changes in circumstances that indicate that the carrying amount of the long-lived asset (group) might not be recoverable, including the ceased use of the leased property). The Company performs tests for recoverability and if indicators of impairment are present, the Company perform a recoverability test by comparing the sum of the estimated undiscounted future cash flows attributable to the long-lived asset (asset group) in question to the carrying amount of the long-lived asset (asset group). If the undiscounted cash flows used in the test for recoverability are less than the carrying amount of the long-lived asset (asset group), the Company determines the fair value of the long-lived asset (asset group) and recognizes an impairment loss if the carrying amount of the long-lived asset (asset group) exceeds its fair value. For the three months ended March 31, 2021, the Company recorded an impairment charge was taken where the carrying value of the operating lease right of use asset was reduced by $40,984, which are non-cash charges. Additionally, the Company incurred $3,104 in lease termination fees during the three months ended March 31, 2021. Fair value assumptions including sublease probabilities and the present value factor were used in the impairment calculation.

**Note 12: Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities, consisted of the following as of March 31, 2021 and December 31, 2020:

| | March 31, 2021 | December 31, 2020 |
|---|---|---|
| Employee phantom share plan liability [1] | $ 171,889 | $ 193,162 |
| Contingent stock liability[2] | — | 130,594 |
| Employee related accruals[3] | 63,302 | 98,481 |
| Accrued professional fees[4] | 49,729 | 67,628 |
| Tax related accruals [5] | 42,872 | 45,119 |
| Other accrued expenses and other current liabilities[6] | 213,559 | 181,372 |
| Total accrued expenses and other current liabilities | $ 541,351 | $ 716,356 |

[1] See Note 11 - Fair Value Measurements for further information with respect to the employee phantom share plan liabilities.

[2] Contingent stock consideration associated with the CPA Global and DRG acquisitions. See Note 4 - Business Combinations and Note 22 - Commitments and Contingencies for further information.

[3] Employee related accruals include accrued payroll, bonus and employee commissions.

[4] Professional and outside service related fees including accrued legal fees, audit fees, outside services, technology, and contractor fees.

[5] Tax related accruals include value-added tax payable and other current taxes payable.

[6] Includes current liabilities due to customers, royalty accruals, interest payable, and a collection of miscellaneous other current liabilities.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

**Note 13: Pension and Other Post-Retirement Benefits**

The components of net periodic benefit cost changes in plan assets and benefit obligations recognized as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| | **2021** | **2020** |
| Service cost | $ 368 | $ 226 |
| Interest cost | 82 | 79 |
| Expected return on plan assets | (52) | (40) |
| Amortization of actuarial gains | (6) | (19) |
| Net periodic benefit cost | $ 392 | $ 246 |

Interest cost and expected return on plan assets are recorded in Interest expense, net on the accompanying Interim Condensed Consolidated Statements of Operations.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

**Note 14: Debt**

The following is a summary of the Company's debt:

| | | March 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|---|
| **Type** | **Maturity** | **Effective Interest Rate** | **Carrying Value** | **Effective Interest Rate** | **Carrying Value** |
| Senior Secured Notes (2026) | 2026 | 4.500 % | $ 700,000 | 4.500 % | $ 700,000 |
| Term Loan Facility (2026) | 2026 | 3.610 % | 2,840,250 | 3.626 % | 2,847,400 |
| The Revolving Credit Facility | 2024 | — % | — | — % | — |
| Total debt outstanding | | | 3,540,250 | | 3,547,400 |
| Debt issuance costs | | | (49,346) | | (51,309) |
| Term Loan Facility, discount | | | (9,222) | | (9,591) |
| Short-term debt, including current portion of long-term debt | | | (28,600) | | (28,600) |
| Long-term debt, net of current portion and debt issuance costs | | | $ 3,453,082 | | $ 3,457,900 |

In connection with the DRG acquisition, the Company incurred an incremental $360,000 of borrowings under our term loan facility and used the net proceeds from such borrowings to fund a portion of the DRG acquisition and to pay related fees and expenses.

In addition, the Company secured the backstop of a $950,000 fully committed bridge facility in connection with the DRG acquisition. However, the Company obtained all required financing with proceeds from the additional term loan borrowings and through a primary equity offering in February 2020. As such, the bridge facility remained undrawn through its expiration on closing of the acquisition.

On October 1, 2020, in connection with the CPA Global acquisition, the Company incurred an incremental $1,600,000 of borrowings under our term loan facility and used the net proceeds from such borrowings to fund the repayment of CPA Global's parent company outstanding debt of $2,055,822. Previously, the Company had secured the backstop of a $1,500,000 fully committed bridge facility. However, the Company obtained all required financing with proceeds from the additional term loan borrowings and the bridge facility remained undrawn through its expiration on closing of the acquisition.

On October 1, 2020, the Company borrowed $60,000 on the existing Revolving Credit Facility and used the net proceeds from such borrowings to fund the debt extinguishment costs in connection with funding of the repayment of CPA Global's parent company outstanding debt. The amount was repaid in the fourth quarter of 2020 and the revolving credit facility has remained undrawn in the period subsequent to the pay down. The revolving credit facility is subject to a commitment fee of 0.375% per annum.

With respect to the Credit Facilities, the Company may be subject to certain negative covenants, including either a fixed charge coverage ratio, total first lien net leverage ratio, or total net leverage ratio if certain conditions are met. These conditions were not met and the Company was not required to perform these covenants as of March 31, 2021 .

The obligations of the borrowers under the Credit Agreement are guaranteed by UK Holdco and certain of its restricted subsidiaries and are collateralized by substantially all of UK Holdco's and certain of its restricted subsidiaries' assets (with customary exceptions described in the Credit Agreement). UK Holdco and its restricted subsidiaries are subject to certain covenants including restrictions on UK Holdco's ability to pay dividends, incur indebtedness, grant a lien over its assets, merge or consolidate, make investments, or make payments to affiliates.

As of March 31, 2021, letters of credit totaling $6,355 were collateralized by the Revolving Credit Facility. Notwithstanding the Revolving Credit Facility, as of March 31, 2021 the Company had an unsecured corporate guarantee outstanding for $10,651 and cash collateralized letters of credit totaling $1,774, all of which were not collateralized by the Revolving Credit Facility. The Company did not have any borrowings against the Revolving Credit Facility as of March 31, 2021 and December 31, 2020, to support current operations.

The carrying value of the Company's variable interest rate debt, excluding unamortized debt issuance costs, approximates fair value due to the short-term nature of the interest rate benchmark rates. The fair value of the fixed rate debt is estimated based on market observable data for debt with similar prepayment features. The fair value of the Company's debt was $3,553,694 and $3,574,282 at March 31, 2021 and December 31, 2020, respectively. The debt is considered a Level 2 liability under the fair value hierarchy.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

## Note 15: Revenue

***Disaggregated Revenues***

The tables below show the Company's disaggregated revenue for the periods presented:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2020 |
| Subscription revenues | $ 235,092 | $ 193,235 |
| Transactional revenues | 84,177 | 49,239 |
| Re-occurring revenues | 112,185 | — |
| Total revenues, gross | 431,454 | 242,474 |
| Deferred revenues adjustment(1) | (3,024) | (1,882) |
| Total revenues, net | $ 428,430 | $ 240,592 |

(1) Reflects the deferred revenue adjustment as a result of purchase accounting.

***Contract Balances***

| | Accounts receivable, net | Current portion of deferred revenues | Non-current portion of deferred revenues |
|---|---|---|---|
| Opening (1/1/2021) | $ 737,733 | $ 707,318 | $ 41,399 |
| Closing (03/31/2021) | 706,879 | 769,030 | 45,404 |
| (Increase)/decrease | $ 30,854 | $ (61,712) | $ (4,005) |
| | | | |
| Opening (1/1/2020) | $ 333,858 | $ 407,325 | $ 19,723 |
| Closing (03/31/2020) | 343,177 | 472,101 | 18,774 |
| (Increase)/decrease | $ (9,319) | $ (64,776) | $ 949 |

The amount of revenue recognized in the period that was included in the opening deferred revenues balances was $231,275 and $105,150 for the three months ended March 31, 2021 and 2020, respectively. This revenue consists primarily of subscription revenues.

***Transaction Price Allocated to the Remaining Performance Obligation***

As of March 31, 2021, approximately $74,238 of revenues is expected to be recognized in the future from remaining performance obligations, excluding contracts with duration of one year or less. The Company expects to recognize revenue on approximately 48.6% of these performance obligations over the next 12 months. Of the remaining 51.4%, 25.2% is expected to be recognized within the following year, 25.7% is expected to be recognized within three to five years, with the final 0.5% expected to be recognized within six to ten years.

## Note 16: Shareholders' Equity

*Pre-2019 Transaction*

In March 2017, the Company formed the Management Incentive Plan under which certain employees of the Company may be eligible to purchase shares of the Company. In exchange for each share purchase subscription, the purchaser is entitled to a fully vested right to an ordinary share. Additionally, along with a subscription, employees receive a corresponding number of options to acquire additional ordinary shares subject to five years vesting. See Note 17 - Employment and Compensation Arrangements for additional detail related to the options. There were no share subscriptions received prior to or following the close of the 2019 Transaction for the three months ended March 31, 2021.

*Post-2019 Transaction*

Immediately prior to the closing of the 2019 Transaction, there were 87,749,999 shares of Churchill ordinary stock issued and outstanding, consisting of (i) 68,999,999 public shares (Class A) and (ii) 18,750,000 founder shares (Class B). On May 13, 2019, in connection with the 2019 Transaction, all of the Class B ordinary stock converted into Class A ordinary stock of the post-combination company on a one-for-one basis, and effected the reclassification and conversion of all of the Class A ordinary stock and Class B ordinary stock into a single class of ordinary stock of Clarivate Plc. One stockholder elected to have one share redeemed in connection with the 2019 Transaction.

In June 2019, the Company formed the 2019 Incentive Award Plan under which employees of the Company may be eligible to purchase shares of the Company. See Note 17 - Employment and Compensation Arrangements for additional detail related to the 2019 Incentive Award Plan. In exchange for each share subscription purchased, the purchaser is entitled to a fully vested right to an ordinary share. At March 31, 2021 there were unlimited shares of ordinary stock authorized, and 611,355,226 shares issued and outstanding, with a par value of $0.00. The Company did not hold any shares as treasury shares as of March 31, 2021 or December 31, 2020. The Company's ordinary stockholders are entitled to one vote per share.

*Warrants*

Upon consummation of the 2019 Transaction, the Company had warrants outstanding to purchase an aggregate of 52,800,000 ordinary shares. Each outstanding whole warrant of Churchill represents the right to purchase one ordinary share of the Company in lieu of one share of Churchill ordinary stock upon closing of the 2019 Transaction at a price of $11.50 per share, subject to adjustment as discussed below, at any time commencing upon the later of (i) 30 days after the completion of the 2019 Transaction and (ii) September 11, 2019. The holder does not have the right to exercise the Warrants to the extent that they would beneficially own in excess of 4.9% or 9.8% (as specified by the holder) of the shares of ordinary stock outstanding immediately after giving effect to such exercise. As of December 31, 2019, 100,114 warrants had been exercised.

During the period January 1, 2020 through February 21, 2020, 24,132,666 of the Company's outstanding public warrants were exercised for one ordinary share per whole public warrant at a price of $11.50 per share. On February 20, 2020, we announced the redemption of all of our outstanding public warrants to purchase our ordinary shares that were issued as part of the units sold in the Churchill Capital Corp initial public offering that remained outstanding at 5:00 p.m. New York City time on March 23, 2020, for a redemption price of $0.01 per public warrant. In addition, our board of directors elected that, upon delivery of the notice of the redemption on February 20, 2020, all public warrants were to be exercised only on a "cashless basis." Accordingly, by virtue of the cashless exercise of public warrants, exercising public warrant holders received 0.4626 of an ordinary share for each public warrant, and 4,747,432 ordinary shares were issued for public warrants exercised on a cashless basis and 4,649 public warrants were redeemed for $0.01 per public warrant. As of December 31, 2020, no public warrants were outstanding.

*Merger Shares*

Upon consummation of the 2019 Transaction, there were 7,000,000 ordinary shares of Clarivate that are issuable to persons designated by Messrs. Stead and Klein, including themselves, if the last sale price of Clarivate's ordinary shares is at least $20.00 for 40 days over a 60 consecutive trading day period on or before the sixth anniversary of the closing of the 2019 Transaction. On January 31, 2020, our Board agreed to waive all performance vesting conditions associated with the Merger Shares (as defined below). The Merger Shares were issued as ordinary shares to persons designated by Jerre Stead and Michael Klein on June 1, 2020 as part of the June 2020 underwritten public offering. These shares were issued during the year ended December 31, 2020. See Note 17 - Employment and Compensation Arrangements for additional detail related to the Merger Shares.

*DRG Acquisition Shares*

In connection with the DRG acquisition, 2,895,638 ordinary shares of the Company were issued to PEL in March 2021. See Note 4 - Business Combinations for additional details.

*CPA Global Acquisition Shares*

In connection with the CPA Global acquisition, on October 1, 2020, the Company issued as part of the purchase consideration, 216,683,778 ordinary shares of the Company. In January 2021, the Company issued 1,500,000 ordinary shares to Redtop pursuant to a holdback clause within the purchase agreement. See Note 4 - Business Combinations for additional details.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

**Note 17: Employment and Compensation Arrangements**

***Employee Incentive Plans***

Prior to the 2019 Transaction, the Company operated under its 2016 Equity Incentive Plan, which provided for certain employees of the Company to be eligible to participate in equity ownership in the Company. On May 8, 2019, in anticipation of the 2019 Transaction, the Board adopted the 2019 Incentive Award Plan, which was an amendment, restatement and continuation of the 2016 Equity Incentive Plan. Upon closing of the 2019 Transaction, awards under the 2016 Equity Incentive Plan were converted using the exchange ratio established during the 2019 Transaction and assumed into the 2019 Incentive Award Plan (See Note 4 - Business Combinations). The 2019 Incentive Award Plan permits the granting of awards in the form of incentive stock options, non-qualified stock options, share appreciation rights, restricted shares, restricted share units and other stock-based or cash based awards. Equity awards may be issued in the form of restricted shares or restricted share units with dividend rights or dividend equivalent rights subject to vesting terms and conditions specified in individual award agreements. The Company's Management Incentive Plan provides for employees of the Company to be eligible to purchase shares of the Company. See Note 16 - Shareholders' Equity for additional information.

A maximum aggregate amount of 60,000,000 ordinary shares are reserved for issuance under the 2019 Incentive Award Plan. Equity awards under the 2019 Incentive Award Plan may be issued in the form of options to purchase shares of the Company which are exercisable upon the occurrence of conditions specified within individual award agreements. As of March 31, 2021 and December 31, 2020, 40,724,100 and 42,785,926, respectively, awards have not been granted. The 2020 figure includes PSU awards at grant. Refer to the PSU section below for specifications of payout of these awards deemed probable.

Total share-based compensation expense, inclusive of cash and non-cash expense, included in the Consolidated Statements of Operations amounted to $10,660 and $17,469 for the three months ended March 31, 2021 and 2020, respectively. The total associated tax benefits recognized amounted to $1,400 and $2 for the three months ended March 31, 2021 and 2020, respectively.

In the three months ended March 31, 2021 and 2020, the Company recognized additional Share-based compensation expense related to the modification of certain awards under the 2019 Incentive Award Plan. As of March 31, 2021 and December 31, 2020, there was no unrecognized compensation cost related to outstanding stock options.

***Stock Options***

The Company's stock option activity is summarized below:

| | Number of Options | Weighted Average Exercise Price per Share | Weighted-Average Remaining Contractual Life (in years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Balance at December 31, 2020 | 7,860,618 | $ 12.95 | 6.2 | $ 131,956 |
| Granted | — | — | 0 | — |
| Expired | — | — | 0 | — |
| Forfeited | — | — | 0 | — |
| Exercised | (835,917) | 10.90 | 0 | — |
| Outstanding as of March 31, 2021 | 7,024,701 | $ 13.20 | 5.9 | $ 93,429 |
| Vested and exercisable at March 31, 2021 | 7,024,701 | $ 13.20 | 5.9 | $ 93,429 |

The aggregate intrinsic value in the table above represents the difference between the Company's most recent valuation and the exercise price of each in-the-money option on the last day of the period presented. 835,917 and 3,715,455 stock options were exercised in the three months ended March 31, 2021 and 2020, respectively. The total intrinsic value of stock options exercised was approximately $11,259 and $38,444 during the three months ended March 31, 2021 and 2020, respectively.

The Company accounts for awards issued under the 2019 Incentive Award Plan as additional contributions to equity. Share-based compensation includes expense associated with stock option grants which is estimated based on the grant date fair value of the award issued.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

The Company uses the Black-Scholes option pricing model to estimate the fair value of options granted. The Black-Scholes model takes into account the fair value of an ordinary share and the contractual and expected term of the stock option, expected volatility, dividend yield, and risk-free interest rate. Prior to becoming a public company, the fair value of the Company's ordinary shares were determined utilizing an external third-party pricing specialist.

The contractual term of the option ranges from the one to ten years. Expected volatility is the average volatility over the expected terms of comparable public entities from the same industry. The risk-free interest rate is based on a treasury rate with a remaining term similar to the contractual term of the option. The Company is recently formed and at this time does not expect to distribute any dividends. The Company recognizes forfeitures as they occur.

***Restricted Stock Units ("RSUs")***

RSUs typically vest from one to three years and are generally subject to either cliff vesting or graded vesting. RSUs do not have non-forfeitable rights to dividends or dividend equivalents. The fair value of RSUs is typically based on the fair value of our ordinary shares on the date of grant. We amortize the value of these awards to expense over the vesting period on a graded-scale basis. The Company recognizes forfeitures as they occur.

| | Number of Shares | Weighted Average Grant Date Fair Value per Share |
|---|---|---|
| Outstanding as of December 31, 2020 | 1,810,546 | $ 19.30 |
| Granted | 1,960,701 | 23.55 |
| Vested | (15,958) | 22.63 |
| Forfeited | (44,567) | 24.56 |
| Outstanding as of March 31, 2021 | 3,710,722 | $ 23.42 |

The total fair value of RSUs that vested during the three months ended March 31, 2021 and 2020 was $361 and $2,863, respectively.

***Performance Stock Units ("PSUs")***

The Company began granting PSUs (the "Original PSUs") to certain members of management on April 1, 2020 under the 2019 Incentive Award Plan. The Original PSUs typically vest over three years and are subject to performance conditions with a modifier of relative TSR as compared to the S&P 500 for vesting. The fair value of the PSUs is based on the fair value of our ordinary shares on the date of grant and valued using a Monte Carlo simulation. In years one and two of the three year vesting period, it was not possible to predict the likelihood of achieving the target and therefore, the performance condition was deemed not probable as of March 31, 2021. Accordingly, no compensation expense was recognized for the three months ended March 31, 2021.

During December of 2020, the Human Resources and Compensation Committee (the "HRCC") considered the need to continue to align the interests of our named executive officers with those of Clarivate's shareholders and to compensate our named executive officers for the significant value created for shareholders in 2020. In addition, the HRCC considered the effects of the Covid-19 pandemic on the value of the Original PSUs granted to our named executive officers earlier in 2020, which are eligible to vest based on the achievement of certain three-year financial performance metrics. In choosing the primary performance goals for the Original PSUs, the HRCC had not anticipated the Covid-19 pandemic and its impact on certain elements of performance, which significantly reduced the anticipated value of the Original PSUs.

The Company made a one-time grant of additional PSUs to certain key employees, including its named executive officers on December 17, 2020 under the 2019 Incentive Award Plan. The PSUs are eligible to vest based upon Clarivate's three-year total shareholder return ("TSR") as compared to the TSR of the S&P 500 for the same period (the "TSR PSUs"). The TSR PSUs cover the period from January 1, 2020 to December 31, 2022 and have a payout range of 0% to 120% of target. The TSR PSU grants vest over three years and are subject to market conditions for vesting. The probability of achieving the market conditions are incorporated into the fair value of the award, and related expense is recognized over the vesting period. The fair value of the PSUs is based on the fair value of our ordinary shares on the date of grant and valued using a Monte Carlo simulation. Accordingly, the Company recognized $1,144 of compensation expense for the three months ended March 31, 2021. In the event that the Original PSUs vest, the TSR PSUs will be forfeited.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

On March 1, 2021 the Company granted 499,141 PSUs to key employees under the 2019 Incentive Award Plan. These PSUs are eligible to vest based on Clarivate's three-year total shareholder return ("TSR") as compared to the TSR of the S&P 500 for the same period as well as the Company's performance against forecasted results. These PSUs cover from January 1, 2021 through December 31, 2023 and have a payout range of 0% to 200%. These PSUs vest over three years and are subject to market conditions. The probability of achieving the market conditions are incorporated into the fair value of the award, and related expense is recognized over the vesting period. The fair value of the PSUs is based on the fair value of our ordinary shares on the date of grant and valued using a Monte Carlo simulation. Accordingly, the Company recognized $108 of compensation expense for the three months ended March 31, 2021.

| | Number of Shares [1] | Weighted Average Grant Date Fair Value per Share |
|---|---|---|
| Outstanding as of December 31, 2020 | 873,325 | $ 25.16 |
| Granted | 499,141 | 23.50 |
| Outstanding as of March 31, 2021 | 1,372,466 | $ 24.56 |

[1] The PSUs number of shares are at grant amount and are not reflective of the maximum shares that may ultimately be issued, if any.

***Warrants***

In connection with the acquisition of Churchill Capital Corp consummated on May 13, 2019, the Company had warrants outstanding for certain individuals to purchase an aggregate of 52,800,000 ordinary shares with an exercise price of $11.50 per share, consisting of 34,500,000 public warrants and 18,300,000 Private Placement Warrants. As of December 31, 2020, no public warrants were outstanding. On January 21, 2021, one warrant holder exercised warrants for 212,174 ordinary shares through a cashless redemption in which 80,610 shares were withheld to cover the exercise price. The net impact of the redemption was an issuance of 131,564 shares. As of March 31, 2021, there were 17,813,826 ordinary shares outstanding for Private Placement Warrants.

The following table summarizes the changes in Private Placement Warrant shares outstanding as of March 31, 2021 and March 31, 2020.

| | Number of Shares | Weighted Average Fair Value per Share |
|---|---|---|
| Outstanding at December 31, 2019 | 18,300,000 | $ 6.11 |
| Exercise of Private Placement Warrants | — | — |
| Outstanding at March 31, 2020 | 18,300,000 | $ 9.15 |
| | | |
| Outstanding at December 31, 2020 | 18,026,000 | $ 17.35 |
| Exercise of Private Placement Warrants | (212,174) | 16.93 |
| Outstanding at March 31, 2021 | 17,813,826 | $ 14.48 |

***2019 Transaction Related Awards***

Upon consummation of the 2019 Transaction, there were 7,000,000 ordinary shares of Clarivate (the "Merger Shares") issuable if the last sale price of Clarivate's ordinary shares is at least $20.00 for 40 days over a 60 consecutive trading day period on or before the sixth anniversary of the closing of the 2019 Transaction. In accordance with the terms of the Sponsor Agreement and in connection with our merger with Churchill in 2019, the Merger Shares were issued to persons designated by Messrs. Stead and Klein. On January 31, 2020, our Board agreed to waive the performance vesting condition, and the Merger Shares became issuable on or prior to December 31, 2020 to persons designated by Messrs. Stead and Klein. We engaged a third party specialist to fair value the awards at the modification date using the Monte Carlo simulation approach. The assumptions in the model included, but were not limited to, risk-free interest rate, 1.33%; expected volatility of the

Company's and its peer group's stock prices, 20.00%; and dividend yield, 0.00%. The Company has evaluated and recorded additional stock compensation expense as required upon the assignment of Merger Shares as applicable. The Merger Shares were issued as ordinary shares to persons designated by Jerre Stead and Michael Klein on June 1, 2020 as part of the June 2020 underwritten public offering. The Company recognized $13,720 of expense during the year ended December 31, 2020, in Share-based compensation expense as a result of the waived performance vesting conditions.

The Sponsor Agreement provided that certain ordinary shares of Clarivate available for distribution to persons designated in the Sponsor Agreement in connection with the Transactions, and certain Clarivate warrants available for distribution to such persons, in each case, were subject to certain time and performance-based vesting provisions described below.

The vesting conditions added to certain ordinary shares include the following:

5,309,713 ordinary shares of Clarivate held by persons designated in the Sponsor Agreement, will vest in three equal annual installments on the first, second and third anniversaries of the closing of the 2019 Transaction, respectively, and are not contingent on continuing or future service of the respective holders to the Company.

2,654,856 ordinary shares of Clarivate held by such persons will vest at such time as the last sale price of Clarivate’s ordinary shares is at least $15.25 on or before the date that is 42 months after the closing of the 2019 Transaction; provided that none of such Clarivate ordinary shares will vest prior to the first anniversary of the closing of the 2019 Transaction, not more than 1/3 of such Clarivate warrants will vest prior to the second anniversary of the closing of the 2019 Transaction, and not more than 2/3 of such Clarivate warrants will vest prior to the third anniversary of the closing of the 2019 Transaction. Further, such vesting is not contingent on continuing or future service of the respective holders to the Company.

2,654,856 ordinary shares of Clarivate held by such persons will vest at such time as the last sale price of Clarivate’s ordinary shares is at least $17.50 on or before the fifth anniversary of the closing of the 2019 Transaction; provided that none of such Clarivate ordinary shares will vest prior to the first anniversary of the closing of the 2019 Transaction, not more than 1/3 of such Clarivate warrants will vest prior to the second anniversary of the closing of the 2019 Transaction, and not more than 2/3 of such Clarivate warrants will vest prior to the third anniversary of the closing of the 2019 Transaction. Further, such vesting is not contingent on continuing or future service of the respective holders to the Company.

The vesting conditions added to certain warrants include the following:

17,265,826 of certain warrants held by persons designated in the Sponsor Agreement, will vest at such time as the last sale price of Clarivate’s ordinary shares is at least $17.50 on or before the fifth anniversary of the closing of the 2019 Transaction; provided that none of such Clarivate warrants will vest prior to the first anniversary of the closing of the 2019 Transaction, not more than 1/3 of such Clarivate warrants will vest prior to the second anniversary of the closing of the 2019 Transaction, and not more than 2/3 of such Clarivate warrants will vest prior to the third anniversary of the closing of the 2019 Transaction. Further, such vesting is not contingent on continuing or future service of the respective holders to the Company.

In considering the terms of the transaction related awards, the Company notes that the time based vesting restrictions were not conditioned on any continuing or future service of the holders to the Company, and reflect “lock-up” periods of the issuable shares. Further, the above mentioned performance-based restrictions were considered market conditions pursuant to ASC 718, and are contemplated in the value of the awards. As such vesting restrictions were contemplated in conjunction with the granting of the merger shares (See Note 16 - Shareholders’ Equity), the Company considered such terms of the total basket of transaction awards in determination of the fair value of the awards. As no continued or future service was required by the holders of such awards, the Company recognized compensation expense in the second quarter of 2019 based on the fair value of such awards upon closing of the 2019 Transaction. The Company recognized $25,013 expense, net in Share-based compensation expense as of the date of the 2019 Transaction in accordance with the issuance of the merger shares offset by the addition of vesting terms to certain ordinary shares and warrants, as described above. The expense included the increases in value of $48,102 for the granting of merger shares, the increase in value of $1,193 for ordinary shares with only time vesting conditions, and the increase in value of shares purchased by the Founders immediately prior to the transaction of $4,411, all offset by the reduction in value of $9,396 for ordinary shares with performance vesting condition of $15.25, the reduction in value of $13,101 for ordinary shares with performance vesting condition of $17.50 and the reduction in value of $6,297 related to warrants. Pursuant to the Sponsor Agreement, certain founders of Churchill

Capital Corp purchased an aggregate of 1,500,000 shares of Class B ordinary stock of Churchill immediately prior to the closing of the 2019 Transaction for an aggregate purchase price of $15,000.

We used a third-party specialist to fair value the awards at the 2019 Transaction close date of May 13, 2019 using the Monte Carlo simulation approach. The assumptions included in the model include, but are not limited to, risk-free interest rate, 2.20%; expected volatility of the Company's and the peer group's stock prices, 20.00%; and dividend yield, 0.00%. A discount for lack of marketability ("DLOM") was applied to shares that are subject to remaining post vesting lock up restrictions. The DLOM was between 3% - 7% dependent on the length of the post vesting restriction period.

On August 14, 2019, Clarivate (on its behalf and on behalf of its subsidiaries) agreed to waive the performance and time vesting conditions, described above, subject to the consummation of the secondary offering. These shares and warrants nevertheless remain subject to a lock-up for a period ranging from two to three years following the closing of the Mergers. We used a third-party specialist to fair value the awards at the modification date using the Monte Carlo simulation approach. The assumptions included in the model include, but are not limited to, risk-free interest rate, 1.42%; expected volatility of the Company's and the peer group's stock prices, 20.00%; and dividend yield, 0.00%. A DLOM was applied to shares that are subject to remaining post vesting lock up restrictions. The DLOM was between 3% - 7% dependent on the length of the post vesting restriction period.

**Note 18: Income Taxes**

During the three months ended March 31, 2021 and 2020, the Company recognized an income tax provision of $3,569 on loss before income tax of $20,385 and $14,753 on loss before income tax of $114,880, respectively. The tax provision in each period three months ended March 31, 2021 and 2020, respectively, reflects the mix of taxing jurisdictions in which pre-tax profits and losses were recognized.

**Note 19: Earnings Per Share**

Potential ordinary shares of 26,853,336 and 38,149,453 of Private Placement Warrants, options, RSUs, and PSUs related to the 2019 Incentive Award Plan were excluded from diluted EPS for the three months ended March 31, 2021 and 2020, respectively, as the Company had a net loss and their inclusion would have been anti-dilutive or their performance metric was not met. See Note 16 - Shareholders' Equity and Note 17 - Employment and Compensation Arrangements for a description.

The basic and diluted EPS computations for our ordinary stock are calculated as follows (in thousands, except share and per share amounts):

| | Three Months Ended March 31, | |
|---|---|---|
| | **2021** | **2020 (As Restated)** |
| **Basic/Diluted EPS** | | |
| Income (loss) available to ordinary stockholders | $ (23,954) | $ (129,633) |
| | | |
| Basic and diluted weighted-average number of ordinary shares outstanding | 608,598,235 | 343,129,833 |
| Basic and diluted EPS | $ (0.04) | $ (0.38) |

**Note 20: Other Operating Income (Expense), Net**

Other operating income (expense), net, consisted of the following for the three months ended March 31, 2021 and 2020:

*(In thousands, except share and per share data, option prices, ratios or as noted)*

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2020 |
| Net foreign exchange gain (loss) | $ (15,984) | $ 5,863 |
| Miscellaneous income (expense), net | (246) | 169 |
| Other operating income (expense), net | $ (16,230) | $ 6,032 |

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**Note 21: Segment Information**

The Chief Executive Officer is the Company's Chief Operating Decision Maker ("CODM"). Prior to the fourth quarter of 2020, the Company's CODM previously assessed the Company-wide performance and allocated resources based on consolidated financial information. During the fourth quarter of 2020, in connection with the CPA Global combination, the company realigned its reporting structure and changed the manner in which the CODM allocates resources and assesses performance. The CODM organizes the Company within products lines and, as a result, two new operating segments were created including the Science Group and Intellectual Property Group. The segment reporting changes were retrospectively applied to all periods presented. The CODM evaluates segment performance based primarily on revenue and segment Adjusted EBITDA, as described below. The CODM does not review assets by operating segment for the purposes of assessing performance or allocated resources.

Each of the Company's reportable segments, Science Group and Intellectual Property Group, recognizes revenue in accordance with the revenue recognition policy within Note 3 - Summary of Significant Accounting Policies. Below is the overview of the product lines within each reportable segment.

Science: The Science segment consists of our Academic and Life Sciences Product Lines. Both provide curated, high-value, structured information that is delivered and embedded into the workflows of our customers, which include research-intensive corporations, life science organizations and universities world-wide.

Intellectual Property: The Intellectual Property segment consists of our Patent, Trademark, Domain, and IP Management Product Lines. These Product Lines help manage customer's end-to-end portfolio of intellectual property from patents to trademarks to corporate website domains.

Each of the two operating segments represent the segments for which discrete financial information is available and upon which operating results are regularly evaluated by the CODM in order to assess performance and allocate resources. The CODM evaluates performance based primarily on revenue and segment Adjusted EBITDA. Adjusted EBITDA represents net (loss) income before provision for income taxes, depreciation and amortization, interest income and expense adjusted to exclude acquisition or disposal-related transaction costs (such costs include net income from continuing operations before provision for income taxes, depreciation and amortization and interest income and expense from divestitures), losses on extinguishment of debt, stock-based compensation, unrealized foreign currency gains/(losses), costs associated with the transition services agreement with Thomson Reuters, separation and integration costs, transformational and restructuring expenses, acquisition-related adjustments to deferred revenues, costs related to our merger with Churchill Capital Corp in 2019, non-cash income/(loss) on equity and cost method investments, non-operating income or expense, the impact of certain non-cash, legal settlements and other items that are included in net income for the period that the Company does not consider indicative of its ongoing operating performance and certain unusual items impacting results in a particular period.

The following table summarizes revenue by reportable segment for the periods indicated:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2020 |
| Science Segment | $ 191,288 | $ 145,694 |
| Intellectual Property Segment | 237,142 | 94,898 |
| Total Revenues | $ 428,430 | $ 240,592 |

*(In thousands, except share and per share data, option prices, ratios or as noted)*

***Adjusted EBITDA by segment***
The following table presents segment profitability and a reconciliation to net income for the periods indicated:

| | Three Months Ended March 31, 2021 | Three Months Ended March 31, 2020 (As Restated) |
|---|---|---|
| Science Segment Adjusted EBITDA | $ 90,594 | $ 63,954 |
| Intellectual Property Segment Adjusted EBITDA | 74,239 | 14,268 |
| Total Adjusted EBITDA | $ 164,833 | $ 78,222 |
| Benefit (provision) for income taxes | (3,569) | (14,753) |
| Depreciation and amortization | (131,654) | (51,441) |
| Interest, net | (37,393) | (30,940) |
| Transition services agreement costs | — | (1,551) |
| Transition, transformation and integration expense | (46) | (2,228) |
| Deferred revenues adjustment | (3,024) | (1,882) |
| Transaction related costs | 26,639 | (26,689) |
| Share-based compensation expense | (10,660) | (17,469) |
| Restructuring and impairment | (64,667) | (7,754) |
| Mark to market adjustment on financial instruments | 51,215 | (55,632) |
| Other | (15,628) | 2,484 |
| **Net income attributable to Clarivate** | $ (23,954) | $ (129,633) |

**Note 22: Commitments and Contingencies**

The Company does not have any recorded or unrecorded guarantees of the indebtedness of others.

*Lawsuits and Legal Claims*

The Company is engaged in various legal proceedings, claims, audits and investigations that have arisen in the ordinary course of business. These matters may include among others, antitrust/competition claims, intellectual property infringement claims, employment matters and commercial matters. The outcome of all of the matters against the Company is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, management believes that the ultimate resolution of any such matters, individually or in the aggregate, will not have a material impact on the Company's financial condition taken as a whole.

*Warrant Liabilities*

Under Accounting Standards Codification 815, *Derivatives and Hedging*, ("ASC 815"), warrant instruments that do not meet the criteria to be considered indexed to an entity's own stock shall be initially classified as a liability at their estimated fair values, regardless of the likelihood that such instruments will ever be settled in cash. In periods subsequent to issuance, changes in the estimated fair value of the liabilities are reported through earnings.

*Contingent Liabilities*

In conjunction with the acquisition of Publons, the Company agreed to pay former shareholders up to an additional $9,500 through 2020. Amounts payable are contingent upon Publons' achievement of certain milestones and performance metrics. The Company paid $0 and $0 of the contingent purchase price for the three months ended March 31, 2021 and 2020, respectively, as a result of Publons achieving the first tier of milestones and performance metrics. The Company had an outstanding liability for $0 and $0 related to the estimated fair value of this contingent consideration as of March 31, 2021 and December 31, 2020, respectively.

In conjunction with the acquisition of Kopernio, the Company paid former shareholders $0 and $0 for the three months ended March 31, 2021 and 2020, respectively, due to the achievement of certain milestones and performance metrics. As a result of the payment, no further obligations exist as of March 31, 2021 and December 31, 2020, respectively.

In conjunction with the acquisition of TrademarkVision, the Company agreed to pay former shareholders a potential earn-out dependent upon achievement of certain milestones and financial performance metrics through 2020. Amounts payable are contingent upon TrademarkVision's achievement of certain milestones and performance metrics. During the three months ended March 31, 2021 and 2020, the Company paid $0 and $8,000 of the contingent purchase price to complete the earn-out. Due to the earn-out being settled during 2020 the outstanding liability as of March 31, 2021 and December 31, 2020 was $0 and $0.

In conjunction with the acquisition of DRG, the Company agreed to pay up to 2,895,638 shares as contingent stock consideration, valued at $58,897 on the closing date of the acquisition. See Note 4 - Business Combinations for more information on the contingent stock consideration. Amounts payable are contingent upon any indemnity losses or claims to indemnity losses occurring within that one-year period. During March 2021, the Company issued 2,895,638 shares as per the purchase agreement for the acquisition of DRG for a total of $61,619 which was satisfied. The issuance of these shares represents a non-cash financing activity on the statement of cash flows

In conjunction with the acquisition of CPA Global, the Company agreed to pay up to 1,500,000 shares as contingent stock consideration, valued at $46,485 on the closing date of the acquisition. See Note 4 - Business Combinations for more information on the contingent stock consideration. The amount was payable 110 days after the acquisition date and is contingent upon any indemnity losses or claims for indemnity losses as defined in the purchase agreement. During January 2021, the Company issued 1,500,000 shares as per the purchase agreement for the acquisition of CPA Global related to a hold-back clause for a total of $43,890 which was satisfied. The issuance of these shares represents a non-cash financing activity on the statement of cash flows

**Note 23: Related Party and Former Parent Transactions**

The Company had an outstanding liability of $6 and $4 to Onex as of March 31, 2021 and December 31, 2020, respectively.

In connection with the 2016 Transaction, Bidco and a subsidiary of the Former Parent entered into the Transition Service Agreement, which became effective on October 3, 2016, pursuant to which such subsidiary of the Former Parent will, or will cause its affiliates and/or third-party service providers to, provide Bidco, its affiliates and/or third-party service providers with certain technology, facilities management, human resources, sourcing, financial, accounting, data management, marketing and other services to support the operation of the IP&S business as an independent company. Such services are provided by such subsidiary of the Former Parent or its affiliates and/or third-party service providers for various time periods and at various costs based upon the terms set forth in the Transition Service Agreement.

Two controlled affiliates of Baring are vendors of ours. Total payments to these vendors were $192 and $59 for the three months ended March 31, 2021 and 2020, respectively. The Company had an outstanding liability of $213 and $237 as of March 31, 2021 and December 31, 2020, respectively.

A controlled affiliate of Onex is a customer of ours. Total payments to this customer were $587 and $468 for the three months ended March 31, 2021 and 2020, respectively. The Company had no outstanding receivables as of March 31, 2021 and December 31, 2020.

Three controlled affiliates of Leonard Green & Partners, L.P. are customers of ours. The net revenue from these customers during the period was $31, $9,621 and $70 for the three months ended March 31, 2021. The Company had an outstanding receivable of $63, $70,305 and $181 as of March 31, 2021 and $31, $54,656 and $264 as of December 31, 2020. These customers were not a related party for the three months ended March 31, 2020.

Three controlled affiliates of Leonard Green are vendors of ours. Total payments to these vendors were $246, $7,584 and $0 for the three months ended March 31, 2021. The Company had an outstanding liability of $0, $0 and $1,967 as of March 31, 2021 and $0, $0 and $1,995 as of December 31, 2020. These vendors were not a related party for the three months ended March 31, 2020.

One of our independent directors has an immediate family member who is a member of management within one of Clarivate's customers. Total revenue from the Customer was $167 and $23 for the three months ended March 31, 2021 and 2020, respectively. The Company had $0 and $100 outstanding receivables as of March 31, 2021 and December 31, 2020, respectively.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

**Note 24: Restructuring and Impairment**

During both 2020 and 2019, we engaged a strategic consulting firm to assist us in optimizing our structure and cost base. As a result, we have implemented several cost-saving and margin improvement programs designed to generate substantial incremental cash flow including the Operation, Simplification and Optimization Program, the DRG Acquisition Integration Program and the CPA Global Acquisition, Integration and Optimization Program.

***Operation Simplification and Optimization Program***

During the fourth quarter of 2019, the Company approved restructuring actions designed to streamline our operations by simplifying our organization and focusing on two segments in planned phases. The following table summarizes the activity related to the restructuring reserves for the Operation, Simplification and Optimization Program:

| **Operation Simplification and Optimization Program** | *Severance and Related Benefit Costs* | *Costs Associated with Exit and Disposal Costs* [1] | *Total* |
|---|---|---|---|
| **Reserve Balance as of December 31, 2019** | $ 9,506 | $ — | $ 9,506 |
| Expenses recorded | 6,574 | 1,180 | 7,754 |
| Payments made | (6,647) | — | (6,647) |
| **Reserve Balance as of March 31, 2020** | $ 9,433 | $ 1,180 | $ 10,613 |
| | | | |
| **Reserve Balance as of December 31, 2020** | $ 5,368 | $ 593 | $ 5,961 |
| Expenses recorded | 252 | 177 | 429 |
| Payments made | (4,716) | (751) | (5,467) |
| **Reserve Balance as of March 31, 2021** | $ 904 | $ 19 | $ 923 |

[1] Relates primary to lease exit costs and legal and advisory fees.

Restructuring charges included actions to reduce operational costs. Components of the pre-tax charges include $252 and $6,574 in severance costs and $177 and $1,180 in other costs incurred during the three months ended March 31, 2021 and 2020, respectively. The Science and IP segments incurred $3,908 and $3,847 of the expense, respectively, during the three months ended March 31, 2020.

The following table is a summary of charges incurred related to the Operation, Simplification and Optimization Program for the three months ended March 31, 2021 and 2020.

| | **Three Months Ended March 31,** | |
|---|---|---|
| | **2021** | **2020** |
| Severance and related benefit costs | $ 252 | $ 6,574 |
| Costs associated with exit and disposal activities [1] | 49 | 1,180 |
| Costs associated with lease exit costs including impairment [2] | 128 | — |
| Total | $ 429 | $ 7,754 |

[1] Relates primarily to contract exit costs, legal and advisory fees.
[2] Relates primary to lease exit costs.

The Science and IP segments incurred $157 and $272 of the expense, respectively, during the three months ended March 31, 2021. The Company does not expect to incur any material expenses after March 31, 2021 with these restructuring efforts.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

***DRG Acquisition Integration Program***

During the second quarter of 2020, the Company approved restructuring actions designed to eliminate duplicative costs following the acquisition of DRG in planned phases. The following table summarizes the activity related to the restructuring reserves for the DRG Acquisition Integration during the three months ended March 31, 2021:

| DRG Acquisition Integration | *Severance and Related Benefit Costs* | *Costs Associated with Exit and Disposal Costs* [(1)] | *Total* |
|---|---|---|---|
| **Reserve Balance as of December 31, 2020** | $ 741 | $ 240 | $ 981 |
| Expenses recorded | 192 | 75 | 267 |
| Payments made | (439) | (99) | (538) |
| Noncash items and other adjustments | — | — | — |
| **Reserve Balance as of March 31, 2021** | $ 494 | $ 216 | $ 710 |

[(1)] Relates primary to lease exit costs.

The following table is a summary of charges incurred related to the DRG Acquisition Integration in the three months ended March 31, 2021:

| | **Three months ended March 31, 2021** |
|---|---|
| Severance and related benefit costs | $ 192 |
| Costs associated with exit and disposal activities | — |
| Costs associated with lease exit costs including impairment [(1)] | 75 |
| Total | $ 267 |

[(1)] Relates primarily to lease exit costs.

The Science and IP segments incurred $95 and $172 of the expense, respectively, during the three months ended March 31, 2021. The Company does not expect to incur any material expenses after March 31, 2021 with these restructuring efforts.

***CPA Global Acquisition Integration and Optimization Program***

During the fourth quarter of 2020, the Company approved restructuring actions designed to eliminate duplicative costs following the acquisition of CPA Global and to streamline our operations simplifying our organization and reducing our leasing portfolio. The following table summarizes the activity related to the restructuring reserves for the CPA Global Acquisition, Integration and Optimization Program:

| CPA Global Acquisition Integration and Optimization Program | *Severance and Related Benefit Costs* | *Costs Associated with Exit and Disposal Costs* [(1)] | *Total* |
|---|---|---|---|
| **Reserve Balance as of December 31, 2020** | $ 11,060 | $ 3,642 | $ 14,702 |
| Expenses recorded | 18,564 | 45,301 | 63,865 |
| Payments made | (10,771) | (261) | (11,032) |
| Noncash items and other adjustments [(2)] | (1,409) | (40,806) | (42,215) |
| **Reserve Balance as of March 31, 2021** | $ 17,444 | $ 7,876 | $ 25,320 |

[(1)] Relates primary to lease exit costs and legal and advisory fees.
[(2)] Includes a $1,409 bonus accrual for severed employees and $40,806 of lease impairment charges.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

The following table is a summary of charges incurred related to the CPA Global Acquisition Integration in the three months ended March 31, 2021.

| | Three months ended March 31, 2021 | |
|---|---|---|
| Severance and related benefit costs | $ | 18,564 |
| Costs associated with exit and disposal activities [1] | | 287 |
| Costs associated with lease exit costs including impairment [2] | | 45,014 |
| Total | $ | 63,865 |

[1] Relates primary to legal and advisory fees.

[2] Includes $40,806 of charges related to impairment of leases, and $4,208 of costs incurred from exiting leases.

The Science and IP segments incurred $22,388 and $40,435 of the expense, respectively, during the three months ended March 31, 2021. The Company expects to incur $42,765 of expense after March 31, 2021 with these restructuring efforts expected to conclude in 2022.

**Note 25: Restatement of Previously Issued Condensed Financial Statements**

As disclosed in the amended Form 10-K/A filed with the Securities and Exchange Commission ("SEC") on May 10, 2021 (the "Amended Filing Date" and "Amended Form 10-K"), subsequent to the original issuance of its Consolidated Financial Statements, the Company identified certain errors in its historical annual Consolidated Financial Statements, related to the accounting treatment of warrants. As such the restated audited Consolidated Financial Statements for the years ended December 31, 2020 and 2019, and the unaudited interim Condensed Consolidated Financial Statements for the quarterly periods within these years commencing with the second quarter of 2019, are defined as the "Restated Periods."

See Note 2 - Basis of Presentation, Note 26 - Quarterly Financial Data (Unaudited), and Note 28 - Restatement of Prior Period Financial Statements, to the Consolidated Financial Statements in the Amended Form 10-K for additional information related to the restatements.

In connection with the filing of this Quarterly Report on Form 10-Q, the Company has restated the accompanying interim Condensed Consolidated Financial Statements as of and for the quarter ended March 31, 2020 to correct for the impact of the misstatements. The applicable notes to the accompanying financial statements have also been corrected to reflect the impact of the restatement. Below, we have presented a reconciliation from the "As Originally Reported" to the "As Restated" amounts for each of our interim Condensed Consolidated Financial Statements as of and for the three months ended March 31, 2020. The amounts "As Originally Reported" are from the "As Originally Reported" amounts as disclosed in Note 26 - Quarterly Financial Data (Unaudited) in the Amended Form 10-K.

*(In thousands, except share and per share data, option prices, ratios or as noted)*

Interim Condensed Consolidated Statements of Operations (Unaudited)

| | Three Months Ended March 31, 2020 | | | | |
|---|---|---|---|---|---|
| | As Originally Reported | Reclassification (a) | Restatement Impacts | Restatement Reference | As Reclassified and Restated |
| Revenues, net | $ 240,592 | $ — | $ — | | $ 240,592 |
| Operating expenses: | | | | | |
| Cost of revenues | (82,399) | (283) | — | | (82,682) |
| Selling, general and administrative costs | (86,948) | (46,107) | — | | (133,055) |
| Share-based compensation expense | (17,469) | 17,469 | | | — |
| Depreciation | (2,329) | — | — | | (2,329) |
| Amortization | (49,112) | — | — | | (49,112) |
| Transaction expenses | (26,689) | 26,689 | — | | — |
| Transition, integration and other related expenses | (2,232) | 2,232 | — | | — |
| Restructuring and impairment | (7,754) | — | — | | (7,754) |
| Other operating income, net | 6,032 | — | — | | 6,032 |
| Total operating expenses | (268,900) | — | — | | (268,900) |
| Loss from operations | (28,308) | — | — | | (28,308) |
| Mark to market on financial instruments | — | — | (55,632) | (b) | (55,632) |
| Loss before interest expense and income tax | (28,308) | — | (55,632) | | (83,940) |
| Interest expense and amortization of debt discount, net | (30,940) | — | — | | (30,940) |
| Loss before income tax | (59,248) | — | (55,632) | (b) | (114,880) |
| Provision for income taxes | (14,753) | — | — | | (14,753) |
| Net loss | $ (74,001) | $ — | $ (55,632) | (b) | $ (129,633) |
| | | | | | |
| Per share: | | | | | |
| Basic and diluted | $ (0.22) | | $ (0.16) | | $ (0.38) |
| | | | | | |
| Weighted average shares used to compute earnings per share: | | | | | |
| Basic and diluted | 343,129,833 | | 343,129,833 | | 343,129,833 |

(a) Reclassifications - The reclassifications are needed to conform to the current financial statement line items on the Condensed Consolidated Statements of Operations.
(b) Mark to market adjustment on financial instruments - The correction of these misstatements resulted in an adjustment of $(55,632) that was recorded through the Statement of Operations, increasing the Net loss.

Interim Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

| | Three Months Ended March 31, 2020 | | |
|---|---|---|---|
| | As Originally Reported | Restatement Impacts | As Restated |
| Net loss | $ (74,001) | (55,632) | $ (129,633) |
| Other comprehensive income (loss), net of tax: | | | |
| Interest rate swaps | (2,890) | — | (2,890) |
| Defined benefit pension plans, net of tax | (67) | — | (67) |
| Foreign currency translation adjustment | (5,513) | — | (5,513) |
| Total other comprehensive loss, net of tax | (8,470) | — | (8,470) |
| Comprehensive loss | $ (82,471) | $ (55,632) | $ (138,103) |

*(In thousands, except share and per share data, option prices, ratios or as noted)*

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)

| | Restatement Reference | Share Capital | | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Total Shareholders' Equity |
|---|---|---|---|---|---|---|
| | | Shares | Amount | | | |
| Balance at December 31, 2019 (As Restated) | (c) | 306,874,115 | $ 2,144,372 | $ (4,879) | $ (890,894) | $ 1,248,599 |
| Adjustment to opening Accumulated deficit related to adoption of ASC Topic 326 | | — | — | — | (9,319) | $ (9,319) |
| Exercise of public warrants (As Restated) | | 28,880,098 | 277,526 | — | — | $ 277,526 |
| Exercise of stock options | | 3,715,455 | 1,182 | — | — | $ 1,182 |
| Vesting of restricted stock units | | 169,842 | — | — | — | $ — |
| Shares returned to the Company for net share settlements | | (2,301,458) | (10,302) | — | — | $ (10,302) |
| Issuance of ordinary shares, net | | 27,600,000 | 539,714 | — | — | $ 539,714 |
| Share-based award activity | | — | 16,384 | — | — | $ 16,384 |
| Net loss (As Restated) | (c) | — | — | — | $ (129,633) | $ (129,633) |
| Other comprehensive income (loss) | | — | — | (8,470) | — | $ (8,470) |
| Balance at March 31, 2020 (As Restated) | (c) | 364,938,052 | 2,968,876 | (13,349) | (1,029,846) | 1,925,681 |

(c) - The correction of these misstatements resulted in reduction to ordinary shares within equity in the amount of $64,157 to a liability on the Condensed Consolidated Balance Sheet. The correction also includes the mark to market adjustment on financial instruments. The correction of these misstatements resulted in an adjustment of $(55,632) that was recorded through the Statement of Operations, increasing the Net (loss).

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)

| | Three Months Ended March 31, 2020 | | |
|---|---|---|---|
| | As Originally Reported | Restatement Impacts | As Restated |
| Cash Flows From Operating Activities | | | |
| Net loss | $ (74,001) | (55,632) | $ (129,633) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| Depreciation and amortization | 51,441 | — | 51,441 |
| Deferred income tax benefit | 4,214 | — | 4,214 |
| Share-based compensation | 16,502 | — | 16,502 |
| Mark to market adjustment on contingent and phantom shares (1) | 1,187 | — | 1,187 |
| Mark to market adjustment on financial instruments (As Restated) | — | 55,632 | 55,632 |
| Deferred finance charges | 1,008 | — | 1,008 |
| Other operating activities | (7,015) | — | (7,015) |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | 29,279 | — | 29,279 |
| Prepaid expenses | (7,349) | — | (7,349) |
| Other assets | 54,644 | — | 54,644 |

*(In thousands, except share and per share data, option prices, ratios or as noted)*

| | | | |
|---|---|---|---|
| Accounts payable | 758 | — | 758 |
| Accrued expenses and other current liabilities [1] | (13,222) | — | (13,222) |
| Deferred revenues | 40,726 | — | 40,726 |
| Operating lease right of use assets | 5,919 | — | 5,919 |
| Operating lease liabilities | (5,876) | — | (5,876) |
| Other liabilities | (52,109) | — | (52,109) |
| Net cash provided by operating activities | 46,106 | — | 46,106 |
| Cash Flows From Investing Activities | | | |
| Capital expenditures | (19,395) | — | (19,395) |
| Acquisitions, net of cash acquired | (885,323) | — | (885,323) |
| Proceeds from sale of product line, net of restricted cash | 3,751 | — | 3,751 |
| Net cash used in investing activities | (900,967) | — | (900,967) |
| Cash Flows From Financing Activities | | | |
| Principal payments on term loan | (3,150) | — | (3,150) |
| Repayments of revolving credit facility | (65,000) | — | (65,000) |
| Payment of debt issuance costs | (5,014) | — | (5,014) |
| Contingent purchase price payment | (4,115) | — | (4,115) |
| Proceeds from issuance of debt | 360,000 | — | 360,000 |
| Proceeds from issuance of ordinary shares | 540,597 | — | 540,597 |
| Proceeds from warrant exercises | 277,526 | — | 277,526 |
| Proceeds from stock options exercised | 1,182 | — | 1,182 |
| Payments related to tax withholding for stock-based compensation | (10,420) | — | (10,420) |
| Net cash provided by (used in) financing activities | 1,091,606 | — | 1,091,606 |
| Effects of exchange rates | (2,013) | — | (2,013) |
| Net increase in cash and cash equivalents, and restricted cash | 234,732 | — | 234,732 |
| Beginning of period: | | | |
| Cash and cash equivalents | 76,130 | — | 76,130 |
| Restricted cash | 9 | — | 9 |
| Total cash and cash equivalents, and restricted cash, beginning of period | 76,139 | — | 76,139 |
| Cash and cash equivalents, and restricted cash, end of period | 310,871 | — | 310,871 |
| End of period: | | | |
| Cash and cash equivalents | 308,021 | — | 308,021 |
| Restricted cash | 2,850 | — | 2,850 |
| Total cash and cash equivalents, and restricted cash, end of period | $ 310,871 | $ — | $ 310,871 |
| Supplemental Cash Flow Information | | | |
| Cash paid for interest | $ 11,405 | $ — | $ 11,405 |
| Cash paid for income tax | $ 4,797 | $ — | $ 4,797 |
| Capital expenditures included in accounts payable | $ 9,528 | $ — | $ 9,528 |

[1] "Accrued expenses and other current liabilities" of $(12,035) has been updated to $(13,222), which represents a change of $(1,187). This amount has been reclassified to "Mark to market adjustment on contingent and phantom shares" in order to conform to the current financial statement line items presented on the Interim Condensed Consolidated Statement of Cash Flows (Unaudited).

**Note 26: Subsequent Events**

The Company exited multiple leased sites subsequent to March 31, 2021, resulting in impairment charges of $21,693 to the respective right-of-use assets upon the cease-use date of each site.

Management has evaluated the impact of events that have occurred subsequent to March 31, 2021. Based on this evaluation, other than disclosed within these Condensed Consolidated Financial Statements and related notes or described below, the Company has determined no other events were required to be recognized or disclosed.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion should be read in conjunction with our Annual Report on Form 10-K/A and the unaudited Condensed Consolidated Financial Statements, including the notes thereto, included elsewhere in this report. Certain statements in this section are forward-looking statements that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations and intentions. Our future results and financial condition may differ materially from those we currently anticipate as a result of the factors we describe under Item 1A. Risk Factors. Certain income statement amounts discussed herein are presented on an actual and on a constant currency basis. We calculate constant currency by converting the non-U.S. dollar income statement balances for the most current year to U.S. dollars by applying the average exchange rates of the preceding year. Certain amounts that appear in this section may not sum due to rounding.*

**Restatement of Previously Issued Consolidated Financial Statements**

As disclosed in our amended Form 10-K/A, we have restated our previously issued consolidated financial statements contained in the Annual Report on Form 10-K. Refer to the "Explanatory Note" preceding Item 1, Financial Statements and Supplementary Data, for background on the restatement, the fiscal periods impacted, and other information. In addition, we have restated certain previously reported financial information at December 31, 2020 and for the three month period ended March 31, 2020 in this Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, including but not limited to information within the Results of Operations, Non-GAAP Financial Measures and Liquidity and Capital Resource sections.

See Note 25 - Restatement of Previously Issued Condensed Financial Statements, in Item 1, Financial Statements and Supplementary Data, for additional information related to the restatement, including descriptions of the misstatements and the impacts to previously reported financial information.

**Overview**

We offer a collection of high quality, market leading information and analytic products and solutions through our Science segment and Intellectual Property ("IP") segment, which are also our reportable segments. Our Science segment consists of our Academic and Life Sciences Product Lines, and our IP segment consists of our Patents, Trademarks, Domains and IP Management Product Lines. Our highly curated Web of Science products are offered primarily to universities, helping them navigate scientific literature, facilitate research and evaluate and measure the quality of researchers, institutions and scientific journals across various academic disciplines. Our Life Sciences Product Line offerings serve the content and analytical needs of pharmaceutical and biotechnology companies across the drug development lifecycle, including content on discovery and pre-clinical research, competitive intelligence, regulatory information and clinical trials. Our Patents Product Line offerings help patent and legal professionals in R&D intensive businesses evaluate the novelty and patentability of new ideas and products to help protect and research patents. Our Trademark Product Line allow businesses and legal professionals to access our comprehensive trademark database. Our Domains Product Line offerings include enterprise web domain portfolio management products and services. Finally, our IP Management Product Line provides technology solutions and legal support services across the IP lifecycle, including renewal and validation of IP rights on behalf of customers and the development and provision of IP management software, as well as other patent activities including patent searching, IP filing, prosecution support and trademark watching.

## Factors Affecting the Comparability of Our Results of Operations

There have been no material changes to the factors affecting the comparability of our results of operations associated with our business previously disclosed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors Affecting the Comparability of Our Results of Operations section in our Annual Report on Form 10-K/A, except as set forth below. The disclosures set forth below updates, and should be read together with, the disclosures in the Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors Affecting the Comparability of Our Results of Operations section, in our Annual Report on Form 10-K/A.

**Strategic Acquisitions**

***Acquisition of Decision Resources Group***

On February 28, 2020, we acquired 100% of the assets, liabilities and equity interests of Decision Resources Group ("DRG"), a premier provider of high-value data, analytics and insights products and services to the healthcare industry, from Piramal Enterprises Limited ("PEL"), which is a part of global business conglomerate Piramal Group. The acquisition helps us expand our core businesses and provides us with the potential to grow in the Life Sciences Product Line.

The aggregate consideration paid in connection with the closing of the DRG acquisition was $964,997, composed of $900,000 of base cash plus $6,100 of adjusted closing cash paid on the closing date and up to 2,895,638 of the Company's ordinary shares to be issued to PEL following the one-year anniversary of closing. The contingent stock consideration was valued at $58,897 on the closing date and was revalued at each period end until its issuance date and was included in Accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheets.

***Acquisition of CPA Global***

On October 1, 2020, we acquired 100% of the assets, liabilities and equity interests of CPA Global, a global leader in intellectual property software and tech-enabled services. Clarivate acquired all of the outstanding shares of CPA Global in a cash and stock transaction. The aggregate consideration in connection with the closing of the CPA Global acquisition was $8,740,556, net of $99,043 cash acquired, including an equity hold-back consideration of $46,485. The aggregate consideration was composed of (i) $6,761,515 from the issuance of up to 218,183,778 ordinary shares to Redtop Holdings Limited, a portfolio company of Leonard Green & Partners, L.P., representing approximately 35% *pro forma* fully diluted ownership of Clarivate and (ii) approximately $2,078,084 in cash to fund the repayment of CPA Global's parent company outstanding debt of $2,055,822 and related interest swap termination fee of $22,262. Of the 218,306,663 ordinary shares issuable in the acquisition, Clarivate issued 216,683,778 ordinary shares on October 1, 2020.

In conjunction with the closing of the transaction, the Company incurred an incremental $1,600,000 of term loans under our term loan facility and used the net proceeds from such borrowings, together with cash on hand, to fund the transaction. As a result of the additional term loan and the additional term loan associated with the DRG acquisition, we had $2,840,250 outstanding on our term loan facility at March 31, 2021.

***Acquisition of Beijing IncoPat Technology Co, Ltd.***

On October 26, 2020, we acquired 100% of the assets, liabilities and equity interests of Beijing IncoPat Technology Co., Ltd. ("IncoPat"), a leading patent information service provider in China via cash on hand for $52,133. IncoPat is complementary to Clarivate's intellectual property portfolio.

***Acquisition of Hanlim IPS. Co., Ltd.***

On November 23, 2020, we acquired 100% of the assets, liabilities and equity interests of Hanlim IPS. Co., Ltd. ("Hanlim"), a leading patent renewal and information service provider in South Korea via cash on hand for $9,254. Hanlim is complementary to Clarivate's intellectual property portfolio.

**Dispositions**

***Disposition of Techstreet***

On November 6, 2020, the Company completed the sale of certain assets and liabilities of certain non-core assets and liabilities within the IP segment for a total purchase price of $42,832. A gain of $28,400 was recognized in the Consolidated Statements of Operations within Other operating income (expense), net during the four quarter of 2020.

**Public Ordinary Share Offerings**

During 2020, the Company completed two underwritten public offerings of ordinary shares and used the proceeds it received to fund, in part, the acquisitions of the DRG and CPA Global businesses.

***February 2020 Ordinary Share Offering***

In February 2020, we completed an underwritten public offering of 27,600,000 of our ordinary shares, generating proceeds of $540,736, which we used to fund a portion of the cash consideration for the DRG acquisition. In addition, we incurred an incremental $360,000 of term loans under our term loan facility and used the net proceeds from such borrowings, together with cash on hand, to fund the remainder of the cash consideration for the DRG acquisition and to pay related fees and expenses.

***June 2020 Ordinary Share Offering***

In June 2020, we completed an underwritten public offering of 50,400,000 of our ordinary shares (including 2,400,000 ordinary shares pursuant to the underwriters' option to purchase up to an additional 7,200,000 ordinary shares from certain selling shareholders) at a share price of $22.50. Of the 50,400,000 ordinary shares, 14,000,000 ordinary shares were offered by Clarivate and 36,400,000 ordinary shares were offered by selling shareholders, including 20,821,765 ordinary shares from Onex, 8,097,354 ordinary shares from Baring and 7,480,881 ordinary shares from Directors, Executive Officers and other shareholders. The underwriters' option to purchase the remaining 4,800,000 ordinary shares from certain selling shareholders expired on July 3, 2020.

The Company received approximately $304,030 in net proceeds from the sale of ordinary shares offered by the Company, after deducting underwriting discounts and estimated offering expenses payable. We used the net proceeds, in conjunction with the new $1,600,000 incremental term loan facility available to Clarivate on October 1, 2020, to fund the repayment of CPA Global parent company's outstanding debt. The Company did not receive any proceeds from the secondary ordinary shares sold by the selling shareholders.

**Restructuring**

During 2020 and 2019, we engaged a strategic consulting firm to assist us in optimizing our structure and cost base. As a result, we have implemented several cost-saving and margin improvement programs designed to generate substantial incremental cash flow including the Operation Simplification and Optimization Program, the DRG Acquisition Integration Program and the CPA Global Acquisition Integration and Optimization Program.

***Operation Simplification and Optimization Program***

During the fourth quarter of 2019, the Company approved restructuring actions designed to streamline our operations by simplifying our organization and focusing on two segments in planned phases. Approximately $42,746 costs have been incurred to date under the program which was substantially complete as of December 31, 2020.

During the three months ended March 31, 2021 and 2020, the Company recorded pre-tax charges of $429 and $7,754 recognized within Restructuring and impairment in the Consolidated Statements of Operations. These charges were composed of $252 and $6,574 of severance and related benefit costs, $49 and $1,180 of contract exit costs and legal and advisory fees, and $128 and $0 of lease impairment and location exit costs.

***DRG Acquisition Integration Program***

During the second quarter of 2020, the Company approved restructuring actions designed to eliminate duplicative costs in planned phases following the acquisition of DRG. Approximately $6,864 of costs have been incurred to date under the program which was substantially complete as of December 31, 2020.

During the three months ended March 31, 2021 and 2020, the Company recorded pre-tax charges of $267 and $0 recognized within Restructuring and impairment in the Consolidated Statements of Operations. These charges were composed of $192 and $0 of severance and related benefit costs, and $75 and $0 of lease impairment and location exit costs.

***CPA Global Acquisition Integration and Optimization Program***

During the fourth quarter of 2020, the Company approved restructuring actions designed to eliminate duplicative costs following the acquisition of CPA Global and to streamline our operations simplifying our organization and reducing our leasing portfolio. As a result of these actions, the company expects to record total pre-tax restructuring charges of approximately $120,982 for all phases of the program. Approximately $78,217 of costs have been incurred to date under the program and $42,765 are expected to be incurred in a future period. This estimate includes approximately $3,263 for severance related charges, approximately $33,261 of estimated maximum lease exit costs, assuming no sublease agreements are entered into, and $6,241 of other exit costs.

During the three months ended March 31, 2021, and 2020, the Company recorded pre-tax charges of $63,865 and $0 recognized within Restructuring and impairment in the Condensed Consolidated Statements of Operations. These charges were composed of $18,564 and $0 of severance and related benefit costs, $287 and $0 of contract exit costs and legal and advisory fees, and $45,014 and $0 of lease impairment and location exit costs, respectively.

## Key Performance Indicators

We regularly monitor the following key performance indicators to evaluate our business and trends, measure our performance, prepare financial projections and make strategic decisions.

***Adjusted Revenues***

We present Adjusted Revenues, which excludes the impact of the deferred revenue purchase accounting adjustments, which is allowable under the Company's debt covenant calculation, and revenues from divestitures. We present these measures because we believe it is useful to readers to better understand the underlying trends in our operations. See - Certain Non-GAAP Measures - Adjusted Revenues below for important information on the limitations of Adjusted Revenues and their reconciliation to the respective revenues measures under U.S. GAAP.

***Adjusted EBITDA and Adjusted EBITDA margin***

Adjusted EBITDA is presented because it is a basis upon which our management assesses our performance, and we believe it is useful for investors to understand the underlying trends of our operations. See Certain Non-GAAP Measures - Adjusted EBITDA and Adjusted EBITDA margin for important information on the limitations of Adjusted EBITDA and its reconciliation to our Net loss under U.S. GAAP. Adjusted EBITDA represents net loss before provision for income taxes, depreciation and amortization, interest income and expense adjusted to exclude acquisition or disposal-related transaction costs (such costs include net income from continuing operations before provision for income taxes, depreciation and amortization and interest income and expense from divestitures), losses on extinguishment of debt, stock-based compensation, unrealized foreign currency gains/(losses), costs associated with the transition services agreement with Thomson Reuters, which we entered into in connection with our separation from Thomson Reuters in 2016, separation and integration costs, transformational and restructuring expenses, acquisition-related adjustments to deferred revenues, costs related to our merger with Churchill Capital Corp in 2019, non-cash income/(loss) on equity and cost method investments, non-operating income or expense, the impact of certain non-cash, legal settlements and other items that are included in net income for the period that the Company does not consider indicative of its ongoing operating performance and certain unusual items impacting results in a particular period. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by Adjusted Revenues.

***Annualized Contract Value***

Annualized Contract Value ("ACV"), at a given point in time, represents the annualized value for the next 12 months of subscription-based client license agreements, assuming that all expiring license agreements during that period are renewed at their current price level. License agreements may cover more than one product and the standard subscription period for each license agreement typically runs for no less than 12 months. The renewal period for our subscriptions starts 90 days before the end of the current subscription period, during which customers must provide notice of whether they intend to renew or cancel the license agreement.

An initial subscription period for new customers may be for a term of less than 12 months, in certain circumstances. Most of our customers, however, opt to enter into a full 12-month initial subscription period, resulting in renewal periods spread throughout the calendar year. Customers that license more than one subscription-based product may, at any point during the renewal period, provide notice of their intent to renew only certain subscriptions within the license agreement and cancel other subscriptions, which we typically refer to as a downgrade. In other instances, customers may upgrade their license agreements by adding additional subscription-based products to the original agreement. Our calculation of ACV includes the impact of downgrades, upgrades, price increases, and cancellations that have occurred as of the reporting period. For avoidance of doubt, ACV does not include fees associated with transactional and re-occurring revenues.

We monitor ACV because it represents a leading indicator of the potential subscription revenues that may be generated from our existing customer base over the upcoming 12-month period. Measurement of subscription revenues as a key operating metric is particularly relevant because a majority of our revenues are generated through subscription-based and re-occurring revenues, which accounted for 80.5% and 79.7% of our total revenues for the three months ended March 31, 2021 and 2020, respectively. We calculate and monitor ACV for each of our segments, and use the metric as part of our evaluation of our business and trends.

The amount of actual subscription revenues that we earn over any 12-month period are likely to differ from ACV at the beginning of that period, sometimes significantly. This may occur for numerous reasons, including subsequent changes in annual revenue renewal rates, impact of price increases (or decreases), cancellations, upgrades and downgrades, and acquisitions and divestitures.

We calculate the ACV on a constant currency basis to exclude the effect of foreign currency fluctuations.

The following table presents ACV as of the dates indicated:

| | March 31, | | Change | |
|---|---|---|---|---|
| *(dollars in thousands)* | **2021** | **2020** | **2021 vs. 2020** | |
| Annualized Contract Value | $ 909,431 | $ 820,254 | $ 89,177 | 10.9 % |

***Annual Revenue Renewal Rates***

Our revenues are primarily subscription based, which leads to high revenue predictability. Our ability to retain existing subscription customers is a key performance indicator that helps explain the evolution of our historical results and is a leading indicator of our revenues and cash flows for the subsequent reporting period.

"Annual revenue renewal rate" is the metric we use to determine renewal levels by existing customers across all of our Segments, and is a leading indicator of renewal trends, which impact the evolution of our ACV and results of operations. We calculate the annual revenue renewal rate for a given period by dividing (a) the annualized dollar value of existing subscription product license agreements that are renewed during that period, including the value of any product downgrades, by (b) the annualized dollar value of existing subscription product license agreements that come up for renewal in that period. "Open renewals," which we define as existing subscription product license agreements that come up for renewal, but are neither renewed nor canceled by customers during the applicable reposting period, are excluded from both the numerator and denominator of the calculation. We calculate the annual revenue renewal rate to reflect the value of product downgrades but not the value of product upgrades upon renewal, because upgrades reflect the purchase of additional services.

The impact of upgrades, new subscriptions and product price increases is reflected in ACV, but not in annual revenue renewal rates. Our annual revenue renewal rates were 92.5% and 93.0% for the three months ended March 31, 2021 and 2020, respectively.

## Key Components of Our Results of Operations

***Revenues, net***

The Company disaggregates revenue based on revenue recognition pattern. Subscription based revenues recognize revenue over time, whereas our transactional and re-occurring revenues recognize revenue at a point in time. The Company believes subscription, transaction and re-occurring is reflective of how the Company manages the business.

Subscription-based revenues are recurring revenues that are earned under annual, multi-year, or evergreen contracts, pursuant to which we license the right to use our products to our customers. Revenues from the sale of subscription data and analytics solutions are typically invoiced annually in advance and recognized ratably over the year as revenues are earned. Subscription revenues are driven by annual revenue renewal rates, new subscription business, price increases on existing subscription business and subscription upgrades and downgrades from recurring customers. Substantially all of our historical deferred revenues purchase accounting adjustments are related to subscription revenues.

Transactional revenues are earned under contracts for specific deliverables that are typically quoted on a product, data set or project basis and often derived from repeat customers, including customers that also generate subscription-based revenues. Transactional products and services are invoiced according to the terms of the contract, typically in arrears. Transactional content revenues are usually delivered to the customer instantly or in a short period of time, at which time revenues are recognized. Transactional revenues also include, to a lesser extent, professional services, which are typically performed under contracts that vary in length from several months to years for multi-year projects and are typically invoiced based on the achievement of milestones. The most significant components of our transactional revenues include our “clearance searching” and “backfiles” products. Recurring revenues are earned under contracts for specific deliverables that are typically quoted on a product, data set or project basis and often derived from repeat customers. These contracts include either evergreen clauses, in which at least six month advance notice is required prior to cancellation, or the contract is for multiple years.

Re-occurring revenues are usually delivered to the customer instantly or in a short period of time, at which time revenues are recognized. These contracts include either evergreen clauses, in which at least six month advance notice is required prior to cancellation, or the contract is for multiple years. The most significant components of our re-occurring revenues is our 'patent renewal' business within CPA Global.

***Cost of Revenues***

Cost of revenues consists of costs related to the production, servicing and maintenance of our products and are composed primarily of related personnel costs, such as salaries, benefits and bonuses for employees, fees for contracted labor, and data center services and licensing costs. Cost of revenues also includes the costs to acquire or produce content, royalties payable and non-capitalized R&D expenses. Cost of revenues does not include production costs related to internally generated software, which are capitalized.

***Selling, General and Administrative***

Selling, general and administrative costs consist primarily of salaries, benefits, commission and bonuses for the executive, finance and accounting, human resources, administrative, sales and marketing personnel, third-party professional services fees, such as legal and accounting expenses, facilities rent and utilities and technology costs associated with our corporate infrastructure. Also included within these costs are transaction expenses including costs incurred to complete business combination transactions, including acquisitions, dispositions and capital market activities and include advisory, legal, and other professional and consulting costs.

***Depreciation***

Depreciation expense relates to our fixed assets, including mainly computer hardware and leasehold improvements, furniture and fixtures. These assets are depreciated over their expected useful lives, and in the case of leasehold improvements over the shorter of their useful life or the duration of the related lease.

***Amortization***

Amortization expense relates to our finite-lived intangible assets, including mainly databases and content, customer relationships, internally generated computer software and trade names. These assets are amortized over periods of between two and twenty three years. Definite-lived intangible assets are tested for impairment when indicators are present, and, if impaired, are written down to fair value based on discounted cash flows.

***Restructuring and Impairment***

Restructuring and impairment expense includes costs associated with involuntary termination benefits provided to employees under the terms of a one-time benefit arrangement, certain contract termination costs, and other costs associated with an exit or disposal activity.

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

Other operating income (expense), net consists of gains or losses related to the disposal of our assets, asset impairments or write-downs and the consolidated impact of re-measurement of the assets and liabilities of our company, sublease income, gain recognized on foreign exchange contract settlement and our subsidiaries that are denominated in currencies other than each relevant entity's functional currency.

***Mark to Market Adjustment on Financial Instruments***

Mark to market adjustment on financial instruments consists of the mark to market accounting adjustments related to certain of the Company's warrants issued to the founders of Churchill Capital Corp, a special purpose acquisition company or "SPAC" with which the Company consummated a business combination transaction in May 2019.

***Interest Expense and Amortization of Debt Discount, Net***

Interest expense, net consists of expense related to interest on our borrowings under our term loan facility and our secured notes due 2026, the amortization and write off of debt issuance costs and original discount, and interest related to certain derivative instruments.

***Provision for Income Taxes***

A provision for income tax is calculated for each of the jurisdictions in which we operate. The benefit or provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The benefit or provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the book and tax bases of assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Interest accrued related to unrecognized tax benefits and income tax related penalties are included in the provision for income taxes.

## Results of Operations

The following table presents the results of operations for the three months ended March 31, 2021 and 2020:

| | Three Months Ended March 31, | | Change 2021 vs. 2020 | |
|---|---|---|---|---|
| *(in thousands, except percentages)* | 2021 | 2020 (As Restated) | $ | % |
| Revenues, net | $ 428,430 | $ 240,592 | $ 187,838 | 78.1 % |
| Operating expenses: | | | | |
| Cost of revenues | (138,741) | (82,682) | 56,059 | 67.8 % |
| Selling, general and administrative costs | (111,345) | (133,055) | (21,710) | (16.3)% |
| Depreciation | (3,333) | (2,329) | 1,004 | 43.1 % |
| Amortization | (128,321) | (49,112) | 79,209 | N/M |
| Restructuring and impairment | (64,667) | (7,754) | 56,913 | N/M |
| Other operating income (expense), net | (16,230) | 6,032 | (22,262) | N/M |
| Total operating expenses | (462,637) | (268,900) | 193,737 | 72.0 % |
| Loss from operations | (34,207) | (28,308) | 5,899 | 20.8 % |
| Mark to market adjustment on financial instruments | 51,215 | (55,632) | 106,847 | N/M |
| Income (loss) before interest expense and income tax | 17,008 | (83,940) | 100,948 | N/M |
| Interest expense and amortization of debt discount, net | (37,393) | (30,940) | 6,453 | 20.9 % |
| Loss before income tax | (20,385) | (114,880) | (94,495) | (82.3)% |
| Provision for income taxes | (3,569) | (14,753) | (11,184) | (75.8)% |
| Net loss | $ (23,954) | $ (129,633) | $ (105,679) | (81.5)% |

***Revenues, net***

***Total Revenue***

Revenues, net of $428,430 for the three months ended March 31, 2021 increased by $187,838, or 78.1%, from $240,592 for the three months ended March 31, 2020. On a constant currency basis, Revenues, net increased by $179,929, or 74.8% for the three months ended March 31, 2021.

Adjusted Revenues of $431,454, which excludes the impact of the deferred revenues adjustment as a result of purchase accounting, in the three months ended March 31, 2021 increased by $188,980, or 77.9%, from $242,474 in the three months ended March 31, 2020. On a constant currency basis, Adjusted Revenues increased by $181,071, or 74.7% for the three months ended March 31, 2021. For an explanation of our calculation of Adjusted Revenues and the limitations as to its usefulness, see Certain Non-GAAP Measures - Adjusted Revenues.

***Revenue by Transaction Type***

The following tables present the amounts of our subscription, transactional and re-occurring revenues for the periods indicated, as well the drivers of the variances between periods, including as a percentage of such revenues.

| | Three Months Ended March 31, | | Variance Increase/(Decrease) | | Percentage of Factors Increase/(Decrease) | | | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands, except percentages)* | **2021** | **2020** | **Total Variance (Dollars)** | **Total Variance (Percentage)** | **Acquisitions** | **Disposals** | **FX Impact** | **Organic** |
| Subscription revenues | $ 235,092 | $ 193,235 | $ 41,857 | 21.7 % | 16.5 % | (4.4) % | 3.4 % | 6.1 % |
| Re-occurring revenues | 112,185 | — | 112,185 | 100.0 % | 100.0 % | — % | — % | — % |
| Transactional revenues | 84,177 | 49,239 | 34,938 | 71.0 % | 70.4 % | (12.2) % | 2.7 % | 10.1 % |
| Deferred revenues adjustment (1) | (3,024) | (1,882) | (1,142) | (60.7) % | N/M | — % | — % | 98.8 % |
| Revenues, net | $ 428,430 | $ 240,592 | $ 187,838 | 78.1 % | 73.0 % | (6.0) % | 3.3 % | 7.8 % |
| Deferred revenues adjustment (1) | 3,024 | 1,882 | 1,142 | 60.7 % | N/M | — % | — % | (98.8) % |
| Adjusted revenues, net | $ 431,454 | $ 242,474 | $ 188,980 | 77.9 % | 73.7 % | (6.0) % | 3.3 % | 7.0 % |

(1) Reflects the deferred revenues adjustment made as a result of purchase accounting

Subscription revenues of $235,092 for the three months ended March 31, 2021 increased by $41,857, or 21.7% from $193,235 for the three months ended March 31, 2020. On a constant currency basis, subscription revenues increased by $35,257, or 18.2%. Acquisitive subscription growth was primarily generated from the CPA Global Transaction and the DRG Transaction. Disposal subscription revenues reduction was derived from the Techstreet Transaction. Organic subscription revenues increased primarily due to price increases, the benefit of net installations in prior year and the timing benefits due to more disciplined operating procedures.

Re-occurring revenues of $112,185 for the three months ended March 31, 2021 increased by $112,185, or 100.0% from the three months ended March 31, 2020 due to acquisitive growth generated from the CPA Global Transaction.

Transactional revenues of $84,177 increased by $34,938, or 71.0% from $49,239 for the three months ended March 31, 2021. On a constant currency basis, transactional revenues increased by $33,629, or 68.3%. Acquisitive transactional growth was primarily generated from the DRG Transaction and CPA Global Transaction. Disposal transactional reduction was derived from the Techstreet Transaction. Organic transactional revenues due to an increase in trademark and patent search volumes, stronger back file and custom data sales and strength in our professional services business lines.

***Revenue by Geography***

The below tables present our revenues split by geographic region, separating the impacts of the deferred revenues adjustment:

| *(in thousands, except percentages)* | Three Months Ended March 31, 2021 | Three Months Ended March 31, 2020 | Variance Increase/(Decrease): Total Variance (Dollars) | Variance Increase/(Decrease): Total Variance (Percentage) | Percentage of Factors Increase/(Decrease): Acquisitions | Disposals | FX Impact | Organic |
|---|---|---|---|---|---|---|---|---|
| Americas | $ 203,233 | $ 116,992 | $ 86,241 | 73.7 % | 75.5 % | (9.4) % | 0.4 % | 7.1 % |
| Europe/Middle East/Africa | 132,085 | 66,795 | 65,290 | 97.7 % | 87.2 % | (3.1) % | 7.0 % | 6.7 % |
| Asia Pacific | 96,136 | 58,687 | 37,449 | 63.8 % | 54.7 % | (2.4) % | 4.7 % | 6.8 % |
| Deferred revenues adjustment (1) | (3,024) | (1,882) | (1,142) | (60.7) % | N/M | — % | — % | 98.8 % |
| Revenues, net | $ 428,430 | $ 240,592 | $ 187,838 | 78.1 % | 73.0 % | (6.0) % | 3.3 % | 7.8 % |
| Deferred revenues adjustment (1) | 3,024 | 1,882 | 1,142 | 60.7 % | N/M | — % | — % | (98.8) % |
| Adjusted revenues, net | $ 431,454 | $ 242,474 | $ 188,980 | 77.9 % | 73.7 % | (6.0) % | 3.3 % | 7.0 % |

(1) Reflects the deferred revenues adjustment made as a result of purchase accounting

Acquisitive growth for all regions was primarily related to the DRG Transaction and CPA Global Transaction. Disposal reduction for all regions was derived from the Techstreet Transaction. On a constant currency basis, Americas revenues increased by $85,735, or 73.3%, with organic growth due to improved subscription and transactional revenues. Transactional revenue increased primarily due to custom data sales and new product release. On a constant currency basis, Europe/Middle East/Africa revenues increased by $60,629, or 90.8%, primarily due to acquisitive growth and improved subscription revenues and transactional revenues. Subscription revenue growth reflects the benefit of net installations in prior year and the timing benefits due to more disciplined operating procedures. On a constant currency basis, Asia Pacific revenues increased $34,707, or 59.1%, primarily due to acquisitive growth and improved subscription and transactional revenues.

***Revenue by Segment***

The following tables, and the discussions that follow, present our revenues by segment for the periods indicated.

| *(in thousands, except percentages)* | Three Months Ended March 31, 2021 | Three Months Ended March 31, 2020 | Variance Increase/(Decrease): Total Variance (Dollars) | Variance Increase/(Decrease): Total Variance (Percentage) | Percentage of Factors Increase/(Decrease): Acquisitions | Disposals | FX Impact | Organic |
|---|---|---|---|---|---|---|---|---|
| Science Segment | $ 191,298 | $ 147,260 | $ 44,038 | 29.9 % | 16.0 % | — % | 3.7 % | 10.2 % |
| IP Segment | 240,156 | 95,214 | 144,942 | 152.2 % | 162.9 % | (15.2) % | 2.6 % | 1.9 % |
| Deferred revenues adjustment(1) | (3,024) | (1,882) | (1,142) | (60.7) % | NM | — % | — % | 98.8 % |
| Revenues, net | $ 428,430 | $ 240,592 | $ 187,838 | 78.1 % | 73.0 % | (6.0) % | 3.3 % | 7.8 % |
| Deferred revenues adjustment (1) | 3,024 | 1,882 | 1,142 | 60.7 % | NM | — % | — % | (98.8) % |
| Adjusted revenues, net | $ 431,454 | $ 242,474 | $ 188,980 | 77.9 % | 73.7 % | (6.0) % | 3.3 % | 7.0 % |

(1) Reflects the deferred revenues adjustment made as a result of purchase accounting

***Science Segment***: Revenues of $191,298 for the three months ended March 31, 2021 increased by $44,038, or 29.9%, from $147,260 for the three months ended March 31, 2020. On a constant currency basis, revenues increased by $38,584, or 26.3%, primarily due to acquisitive growth and organic subscription revenue growth. Acquisitive growth was generated from the DRG Transaction. Organic revenues increased due to favorable timing as well as and new business deals closed in the first quarter of 2021.

***Intellectual Property Segment:*** Revenues of $240,156 for the three months ended March 31, 2021, increased by $144,942, or 152.2%, from $95,214 for the three months ended March 31, 2020. On a constant currency basis, revenues increased by $142,487, or 149.6%. Acquisitive growth was generated from the CPA Global Transaction, IncoPat Transaction, and the Hanlim Transaction. Disposal reduction was derived from the Techstreet Transaction. Organic revenues, on a constant currency basis grew due to an increase in subscription revenue driven by content upgrades and better price realization, as well as growth in transactional revenue due to improved transactional volumes.

***Cost of Revenues***

Cost of revenues of $138,741 for the three months ended March 31, 2021, increased by $56,059, or 67.8%, from $82,682 for the three months ended March 31, 2020. On a constant currency basis, cost of revenues increased by $54,055, or 65.4%, primarily due to additional costs related to CPA Global Transaction and DRG Transaction, which were acquired in October and February 2020, offset by a decrease in costs associated with employee related costs and outside services including consulting fees, as well as the Techstreet Transaction in November 2020.

***Selling, General and Administrative***

Selling, general and administrative expense of $111,345 for the three months ended March 31, 2021, decreased by $21,710, or 16.3%, from $133,055 for the three months ended March 31, 2020. On a constant currency basis, selling, general and administrative expense decreased by $23,473, or 17.6% primarily due to a reduction in transaction expenses associated with the DRG acquisition in Q1 of 2020, the Techstreet divestiture in Q4 2020, gain associated with the mark to market adjustment on contingent and phantom shares, and a reduction in employee related costs and outside services including consulting fees and marketing costs. The decrease was partially offset by increased costs associated with the DRG Transaction and CPA Global Transaction.

***Depreciation***

Depreciation expense of $3,333 for the three months ended March 31, 2021, increased by $1,004, or 43.1%, from $2,329 for the three months ended March 31, 2020, driven by the additional depreciation on assets acquired through the DRG Transaction and CPA Global Transaction.

***Amortization***

Amortization expense of $128,321 for the three months ended March 31, 2021, increased by $79,209 from $49,112 for the three months ended March 31, 2020, driven by an increase in the amortization of intangible assets acquired through the DRG Transaction, CPA Global Transaction, IncoPat Transaction, and Hanlim Transaction. This increase was offset by a decrease in amortization related to the Techstreet Transaction.

***Restructuring and Impairment***

Restructuring and impairment charges of $64,667 for the three months ended March 31, 2021, increased by $56,913 from $7,754 for the three months ended March 31, 2020. The increase is related to the acquisitions of DRG in February 2020 and CPA Global in October 2020, to streamline our operations by simplifying our organization and focusing on two segments, offset by the wind down of cost initiatives following our merger with Churchill Capital Corp in 2019.

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

Other operating expense of $16,230 for the three months ended March 31, 2021, decreased by $22,262 from other operating income of $6,032 for the three months ended March 31, 2020. The increase was primarily driven by the consolidated impact of the remeasurement of the assets and liabilities of our Company that are denominated in currencies other than each relevant entity's functional currency.

***Mark to Market Adjustment on Financial Instruments***

Mark to market adjustment on financial instruments of a gain of $51,215 for the three months ended March 31, 2021 increased by $106,847 from a loss of $55,632 for the three months ended March 31, 2020. The increase was primarily driven by the change in the Company's share price for the three months ended March 31, 2021 compared to the three months ended March 31, 2020 for the mark to market adjustment on the Private Placement Warrants issued in a private placement concurrently with the Churchill Capital Corp initial public offering and still held by their initial holders.

***Interest Expense, Net***

Interest expense, net of $37,393 for the three months ended March 31, 2021, increased by $6,453, or 20.9%, from $30,940 for the three months ended March 31, 2020. The change was primarily attributed to the additional $360,000 incremental term loan borrowing in connection with the DRG Transaction in February 2020 and the $1,600,000 incremental term loan borrowing in connection with the CPA Global Transaction .

***Provision for Income Taxes***

Provision for income taxes of $3,569 on a pre-tax book loss of $20,385 for the three months ended March 31, 2021, decreased by $11,184 from a provision of $14,753 on a pre-tax book loss of $114,880 for the three months ended March 31, 2020. The effective tax rate being (17.5)% for the three months ended March 31, 2021, compared to (12.8)% for the three months ended March 31, 2020. The overall decrease in tax expense is due to restructuring costs and the mix of taxing jurisdictions in which pre-tax profits and losses were recognized. The current year effective tax rate may not be indicative of our effective tax rates for future periods.

## Certain Non-GAAP Measures

We include non-GAAP measures in this quarterly report, including Adjusted Revenues, Adjusted EBITDA, Adjusted EBITDA margin and Free Cash Flow because they are a basis upon which our management assesses our performance and we believe they reflect the underlying trends and indicators of our business by allowing management to focus on the most meaningful indicators of our continuous operational performance.

Although we believe these measures are useful for investors for the same reasons, we recommend users of the financial statements to note these measures are not a substitute for GAAP financial measures or disclosures. We provide reconciliations of these non-GAAP measures to the corresponding most closely related GAAP measure.

***Adjusted Revenues***

We present Adjusted Revenues, which excludes the impact of the deferred revenues purchase accounting adjustments. We present this measure because we believe it is useful to readers to better understand the underlying trends in our operations.

Our presentation of Adjusted Revenues is for informational purposes only and is not necessarily indicative of our future results. You should compensate for these limitations by relying primarily on our GAAP results and only using non-GAAP measures for supplementary analysis.

The following table presents our calculation of Adjusted Revenues for the three months ended March 31, 2021 and 2020, and a reconciliation of this measure to our Revenues, net for the same periods:

| | Three Months Ended March 31, | | Variance | |
|---|---|---|---|---|
| (in thousands, except percentages) | 2021 | 2020 | $ | % |
| Revenues, net | $ 428,430 | $ 240,592 | $ 187,838 | 78.1 % |
| Deferred revenues adjustment | 3,024 | 1,882 | 1,142 | 60.7 % |
| Adjusted revenues | $ 431,454 | $ 242,474 | $ 188,980 | 77.9 % |

***Adjusted EBITDA and Adjusted EBITDA margin***

Adjusted EBITDA is presented because it is a basis upon which our management assesses our performance, and we believe it is useful for investors to understand the underlying trends of our operations. See "— Certain Non-GAAP Measures — Adjusted EBITDA and Adjusted EBITDA margin" for important information on the limitations of Adjusted EBITDA and its reconciliation to our Net loss under GAAP. Adjusted EBITDA represents net (loss) income before provision for income taxes, depreciation and amortization, interest income and expense adjusted to exclude acquisition or disposal-related transaction costs (such costs include net income from continuing operations before provision for income taxes, depreciation and amortization and interest income and expense from divestitures), losses on extinguishment of debt, stock-based compensation, unrealized foreign currency gains/(losses), costs associated with the transition services agreement with Thomson Reuters, which we entered into in connection with our separation from Thomson Reuters in 2016, separation and integration costs, transformational and restructuring expenses, acquisition-related adjustments to deferred revenues, costs related to our merger with Churchill Capital Corp in 2019, non-cash income/(loss) on equity and cost method investments, non-operating income or expense, the impact of certain non-cash, legal settlements, mark to market adjustments on financial instruments and other items that are included in net income for the period that the Company does not consider indicative of its ongoing operating performance and certain unusual items impacting results in a particular period. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by Adjusted Revenues.

Our presentation of Adjusted EBITDA and Adjusted EBITDA margin should not be construed as an inference that our future results will be unaffected by any of the adjusted items, or that our projections and estimates will be realized in their entirety or at all. In addition, because of these limitations, Adjusted EBITDA should not be considered as a measure of liquidity or discretionary cash available to us to fund our cash needs, including investing in the growth of our business and meeting our obligations. You should compensate for these limitations by relying primarily on our U.S. GAAP results and only use Adjusted EBITDA and Adjusted EBITDA margin for supplementary analysis.

The following table presents our calculation of Adjusted EBITDA for the three months ended March 31, 2021 and 2020, and reconciles these measures to our Net loss for the same periods:

| | Three Months Ended March 31, | |
|---|---|---|
| (in thousands, except percentages) | **2021** | **2020 (As Restated)** |
| **Net loss** | $ (23,954) | $ (129,633) |
| Provision for income taxes | 3,569 | 14,753 |
| Depreciation and amortization | 131,654 | 51,441 |
| Interest expense and amortization of debt discount, net | 37,393 | 30,940 |
| Transition services agreement costs[1] | — | 1,551 |
| Transition, transformation and integration expense[2] | 46 | 2,228 |
| Deferred revenues adjustment[3] | 3,024 | 1,882 |
| Transaction related costs[4] | (26,639) | 26,689 |
| Share-based compensation expense | 10,660 | 17,469 |
| Restructuring and impairment[5] | 64,667 | 7,754 |
| Mark to market adjustment on financial instruments[6] | (51,215) | 55,632 |
| Other[7] | 15,628 | (2,484) |
| Adjusted EBITDA | $ 164,833 | $ 78,222 |
| Adjusted EBITDA margin | 38.2 % | 32.2 % |

(1) In 2020, this is related to a new transition services agreement and offset by the reverse transition services agreement from the sale of MarkMonitor.

(2) Includes costs incurred in connection with and after our separation from Thomson Reuters in 2016 relating to the implementation of our standalone company infrastructure and related cost-savings initiatives. These costs include mainly transition consulting, technology infrastructure, personnel and severance expenses relating to our standalone company infrastructure, which are recorded in transition, integration, and other line-items of our income statement, as well as expenses related to the restructuring and transformation of our business following our separation from Thomson Reuters in 2016 mainly related to the integration of separate business units into one functional organization and enhancements in our technology.

(3) Reflects the deferred revenues adjustment as a result of purchase accounting.

(4) Includes costs incurred to complete business combination transactions, including acquisitions, dispositions and capital market activities and include advisory, legal, and other professional and consulting costs. This also includes the mark to market adjustments

on the contingent stock consideration associated with the CPA Global and DRG acquisitions, as well as the mark to market adjustment associated with the CPA phantom share liability plan.

(5) Reflects costs related to restructuring and impairment associated with the acquisition of DRG and CPA Global in 2020. This also includes costs incurred in connection with the initiative, following our merger with Churchill Capital Corp in 2019, to streamline our operations by simplifying our organization and focusing on two segments.

(6) Reflects mark to market adjustments on financial instruments under Accounting Standards Codification 815, *Derivatives and Hedging,* ("ASC 815"). Warrant instruments that do not meet the criteria to be considered indexed to an entity's own stock shall be initially classified as a liability at their estimated fair values, regardless of the likelihood that such instruments will ever be settled in cash. In periods subsequent to issuance, changes in the estimated fair value of the liabilities are reported through earnings.

(7) Includes primarily the net impact of foreign exchange gains and losses related to the re-measurement of balances and other items that do not reflect our ongoing operating performance.

***Free Cash Flow***

We use free cash flow in our operational and financial decision-making and believe free cash flow is useful to investors because similar measures are frequently used by securities analysts, investors, ratings agencies and other interested parties to evaluate our competitors and to measure the ability of companies to service their debt.

Our presentation of free cash flow should not be construed as a measure of liquidity or discretionary cash available to us to fund our cash needs, including investing in the growth of our business and meeting our obligations. You should compensate for these limitations by relying primarily on our U.S. GAAP results.

We define free cash flow as net cash provided by operating activities less capital expenditures. For further discussion on free cash flow, including a reconciliation to cash flows provided by operating activities, refer to Liquidity and Capital Resources - Cash Flows below.

## Liquidity and Capital Resources

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, capital expenditures, debt service, acquisitions, other commitments and contractual obligations. Our principal sources of liquidity include cash from operating activities, cash and cash equivalents on our Consolidated Balance Sheets and amounts available under our revolving credit facility. We consider liquidity in terms of the sufficiency of these resources to fund our operating, investing and financing activities for a period of 12 months after the financial statement issuance date.

Our cash flows from operations are generated primarily from payments from our subscription and re-occurring transaction customers. As described above, the standard term of a subscription is typically 12 months. When a customer enters into a new subscription agreement, or submits a notice to renew their subscription, we typically invoice for the full amount of the subscription period, record the balance to deferred revenues, and ratably recognize the deferral throughout the subscription period. As a result, we experience cash flow seasonality throughout the year, with a heavier weighting of operating cash inflows occurring during the first half, and particularly first quarter, of the year, when most subscription invoices are sent, as compared to the second half of the year.

We require and will continue to need significant cash resources to, among other things, meet our debt service requirements under our credit facilities, the secured notes due 2026 and any future indebtedness, fund our working capital requirements, make capital expenditures (including related to product development), and expand our business through acquisitions. Based on our forecasts, we believe that cash flow from operations, available cash on hand and available borrowing capacity under our revolving credit facility will be adequate to service debt, meet liquidity needs and fund necessary capital expenditures for at least the next 12 months. Our future capital requirements will depend on many factors, including the number of future acquisitions and the timing and extent of spending to support product development efforts. We could be required, or could elect, to seek additional funding through public or private equity or debt financings; however, additional funds may not be available on terms acceptable to us.

Unrestricted cash and cash equivalents were $399,006 and $257,730 as of March 31, 2021 and December 31, 2020, respectively. As of March 31, 2021, we had approximately $3,540,250 of debt, consisting primarily of $2,840,250 in borrowings under our term loan facility, $700,000 in outstanding principal of senior secured notes due 2026 and $0 of borrowings under our revolving credit facility. On October 1, 2020, in connection with the CPA Global acquisition, the Company incurred an incremental $1,600,000 of borrowings under our term loan facility and used the net proceeds from such borrowings to fund a portion of the repayment of CPA Global's outstanding debt. See Debt Profile below.

***Cash Flows***

The following table discloses our consolidated cash flows provided by (used in) operating, investing and financing activities for the periods presented:

| | Three Months Ended March 31, | |
|---|---|---|
| (in thousands) | **2021** | **2020** |
| Net cash provided by operating activities | $ 174,037 | $ 46,106 |
| Net cash used in investing activities | (32,539) | (900,967) |
| Net cash provided by (used in) financing activities | (6,565) | 1,091,606 |
| Effect of exchange rates | 8,578 | (2,013) |
| Net increase in cash and cash equivalents, and restricted cash | 143,511 | 234,732 |
| Cash and cash equivalents, and restricted cash beginning of the year | 269,008 | 76,139 |
| Cash and cash equivalents, and restricted cash end of the period | $ 412,519 | $ 310,871 |

*Cash Flows Provided by (Used in) Operating Activities*

Net cash provided by operating activities consists of net loss adjusted for non-cash items, such as: depreciation and amortization of property and equipment and intangible assets, deferred income taxes, share-based compensation, mark to market adjustments on financial instruments, deferred finance charges and for changes in net working capital assets and liabilities.

Net cash provided by operating activities was $174,037 and $46,106 for the three months ended March 31, 2021 and 2020, respectively. The $174,037 of net cash provided by operating activities for the three months ended March 31, 2021 includes net loss of $23,954 offset with $112,895 of non-cash adjustments and changes in operating assets and liabilities of $85,096. The increase in operating cash flows was driven by year over year increases in earnings driven by increases in revenue, lower operating expenses and cash provided by acquired businesses related to DRG and CPA Global in 2020.

The $46,106 of net cash from operating activities for the three months ended March 31, 2020 included net loss of $129,633 offset with $122,969 of non-cash adjustments and changes in operating assets and liabilities of $52,770. The improvement in operating cash flows was driven by increased in revenue illustrating an increase in sales year over year and offset by a higher operating loss driven by a $14,513 increase in the provision for income taxes and $16,419 increase in transaction expense related to the acquisition of DRG and the February share offering.

*Cash Flows Provided by (Used in) Investing Activities*

Net cash used in investing activities was $32,539 and $900,967 for the three months ended March 31, 2021 and 2020, respectively. Cash flows of $32,539 used in investing for the three months ended March 31, 2021 is attributable to $32,972 in capital expenditures, partially offset by an inflow of $433 related to CPA Global measurement period adjustments.

Net cash of $900,967 used in investing activities for the three months ended March 31, 2020 is attributable to $885,323 of key business intangible assets acquired from Decision Resource Group and $19,395 in capital expenditures, partially offset by $3,751 inflow related to the sale of the MarkMonitor AntiFraud, Antipiracy, and Brand Protection products.

Our capital expenditures in both 2021 and 2020 consisted primarily of capitalized labor, consulting and other costs associated with product development.

*Cash Flows Provided by (Used in) Financing Activities*

Net cash provided by (used in) financing activities was $(6,565) and $1,091,606 for the three months ended March 31, 2021 and 2020, respectively. Key drivers of cash flows used in financing include $7,150 principle payments on the term loan facility and $4,489 of payments related to tax withholdings for share-based compensation. This activity was offset by cash flows provided by financing related to $5,074 from the exercise of employee share options.

Net cash provided by financing activities was $1,091,606 for the three months ended March 31, 2020. Key drivers of cash flows provided by financing include: (1) Proceeds of $540,597 from the issuance of ordinary shares related to our public offering, (2) $360,000 from the issuance of the issuance of an incremental term loan and (3) $278,708 from the exercise of warrants and employee share options. This activity was offset by cash flows used in financing related to: (1) $65,000 repayment of borrowings under the revolving credit facility, (2) $10,420 of payments related to tax withholdings for stock-based compensation, (3) $4,115 payment related to the TradeMark Vision contingent earn-out, (5) payment of debt issuance costs related to the issuance of the incremental term loan and (6) $3,150 principle payment on the term loan facility.

In February 2020, we completed an underwritten public offering of 27,600,000 of our ordinary shares, generating net proceeds of $540,736, which we used to fund a portion of the cash consideration for the DRG acquisition. In addition, we incurred an incremental $360,000 of term loans under our term loan facility and used the net proceeds from such borrowings, together with cash on hand, to fund the remainder of the cash consideration for the DRG acquisition and to pay related fees and expenses.

In June 2020, we completed an underwritten public offering of 50,400,000 of our ordinary shares at a share price of $22.50. Of the 50,400,000 ordinary shares, 14,000,000 were primary ordinary shares offered by Clarivate and 36,400,000 were secondary ordinary shares offered by selling shareholders including 20,821,765 ordinary shares from Onex, 8,097,354 ordinary shares from Baring and 7,480,881 ordinary shares from Directors, Executive Officers and other shareholders. The Company did not receive any proceeds from the sale of secondary ordinary shares by the selling shareholders. The Company received approximately $304,030 in net proceeds from the sale of ordinary shares offered by the Company, after deducting underwriting discounts and estimated offering expenses payable, for general corporate purposes.

During the period January 1, 2020 through February 21, 2020, 24,132,666 of the Company's outstanding warrants were exercised for one ordinary share per whole warrant at a price of $11.50 per share. On February 20, 2020, we announced the redemption of all of our outstanding public warrants to purchase our ordinary shares that were issued as part of the units sold in the Churchill Capital Corp initial public offering that remained outstanding at 5:00 p.m. New York City time on March 23, 2020, for a redemption price of $0.01 per public warrant. In addition, our board of directors elected that, upon delivery of the notice of the redemption on February 20, 2020, all public warrants were to be exercised only on a "cashless basis." Accordingly, by virtue of the cashless exercise of public warrants, exercising public warrant holders received 0.4626 of an ordinary share for each public warrant, and 4,747,432 ordinary shares were issued for public warrants exercised on a cashless basis and 4,649 public warrants were redeemed for $0.01 per public warrant. As of March 31, 2021, no public warrants were outstanding.

***Free Cash Flow (non-GAAP measure)***

The following table reconciles free cash flow measure, which is a non-GAAP measure, to net cash provided by operating activities:

| | Three Months Ended March 31, | |
|---|---|---|
| (in thousands) | **2021** | **2020** |
| Net cash provided by operating activities | $ 174,037 | $ 46,106 |
| Capital expenditures | (32,972) | (19,395) |
| Free cash flow | $ 141,065 | $ 26,711 |

Free cash flow was $141,065 for the three months ended March 31, 2021, compared to $26,711 for the three months ended March 31, 2020. The increase in free cash flow was primarily due to higher net cash provided by operating activities, partially offset by an increase in capital expenditures.

***Required Reported Data - Standalone Adjusted EBITDA***

We are required to report Standalone Adjusted EBITDA, which is identical to Consolidated EBITDA and EBITDA as such terms are defined under our credit facilities, dated as of October 31, 2019 and the indenture governing our secured notes due 2026 issued by Camelot Finance S.A. and guaranteed by certain of our subsidiaries, respectively. In addition, the credit facilities and the indenture contain certain restrictive covenants that govern debt incurrence and the making of restricted payments, among other matters. These restrictive covenants utilize Standalone Adjusted EBITDA as a primary component of the compliance metric governing our ability to undertake certain actions otherwise proscribed by such covenants. Standalone Adjusted EBITDA reflects further adjustments to Adjusted EBITDA for cost savings already implemented and excess standalone costs.

Because Standalone Adjusted EBITDA is required pursuant to the terms of the reporting covenants under the credit facilities and the indenture and because this metric is relevant to lenders and noteholders, management considers Standalone Adjusted EBITDA to be relevant to the operation of its business. It is also utilized by management and the compensation committee of the Board as an input for determining incentive payments to employees.

Excess standalone costs are the difference between our actual standalone company infrastructure costs, and our estimated steady state standalone infrastructure costs. We make an adjustment for the difference because we have had to incur costs under the transition services agreement with Thomson Reuters after we had implemented the infrastructure to replace the services provided pursuant to the transition services agreement, thereby incurring dual running costs. Furthermore, there has been a ramp up period for establishing and optimizing the necessary standalone infrastructure. Since our separation from Thomson Reuters, we have had to transition quickly to replace services provided under the transition services agreement, with optimization of the relevant standalone functions typically following thereafter. Cost savings reflect the annualized "run rate" expected cost savings, net of actual cost savings realized, related to restructuring and other cost savings initiatives undertaken during the relevant period.

Standalone Adjusted EBITDA is calculated under the credit facilities and the indenture by using our consolidated net income (loss) for the trailing 12-month period (defined in the credit facilities and the indenture as our U.S. GAAP net income adjusted for certain items specified in the credit facilities and the indenture) adjusted for items including: taxes, interest expense, depreciation and amortization, non-cash charges, expenses related to capital markets transactions, acquisitions and dispositions, restructuring and business optimization charges and expenses, consulting and advisory fees, run-rate cost savings to be realized as a result of actions taken or to be taken in connection with an acquisition, disposition, restructuring or cost savings or similar initiatives, "run rate" expected cost savings, operating expense reductions, restructuring charges and expenses and synergies related to the transition projected by us, costs related to any management or equity stock plan, other adjustments of the type that were presented in the offering memorandum used in connection with the issuance of the secured notes due 2026 and earn-out obligations incurred in connection with an acquisition or investment.

The following table reconciles Standalone Adjusted EBITDA to our Net loss for the periods presented:

| | Twelve Months Ended March 31, | |
|---|---|---|
| | 2021 | 2020 (As Restated) |
| *(in thousands)* | | |
| **Net loss** | $ (206,190) | $ (329,006) |
| Provision for income taxes | (13,486) | 24,714 |
| Depreciation and amortization | 383,363 | 193,826 |
| Interest, net | 118,367 | 155,528 |
| Transition services agreement costs(1) | (901) | 6,759 |
| Transition, transformation and integration expense(2) | 1,258 | 24,140 |
| Deferred revenues adjustment(3) | 24,243 | 2,156 |
| Transaction related costs(4) | 44,171 | 62,633 |
| Share-based compensation expense | 34,841 | 65,676 |
| Gain on sale of Techstreet | (28,140) | — |
| Restructuring and impairment(5) | 104,508 | 23,424 |
| Legal Settlement | — | (39,399) |
| Impairment on assets held for sale | — | 18,431 |
| Mark to market adjustment on financial instruments(6) | 98,215 | 103,288 |
| Other(7) | 12,962 | 893 |
| **Adjusted EBITDA** | 573,211 | 313,063 |
| Realized foreign exchange gain | 868 | (5,461) |
| DRG Adjusted EBITDA impact(8) | — | 45,390 |
| CPA Adjusted EBITDA impact(8) | 137,612 | — |
| IncoPat Adjusted EBITDA impact(8) | (231) | — |
| Hanlim Adjusted EBITDA impact(8) | 254 | — |
| Cost savings(9) | 68,659 | 44,016 |
| Excess standalone costs(10) | — | 28,521 |
| **Standalone Adjusted EBITDA** | $ 780,373 | $ 425,529 |

(1) In 2020, this is related to a new transition services agreement and offset by the reverse transition services agreement from the sale of MarkMonitor.

(2) Includes costs incurred in connection with and after our separation from Thomson Reuters in 2016 relating to the implementation of our standalone company infrastructure and related cost-savings initiatives. These costs include mainly transition consulting, technology infrastructure, personnel and severance expenses relating to our standalone company infrastructure, which are recorded in transition, integration, and other line-items of our income statement, as well as expenses related to the restructuring and transformation of our business following our separation from Thomson Reuters in 2016 mainly related to the integration of separate business units into one functional organization and enhancements in our technology.

(3) Reflects the deferred revenues adjustment as a result of purchase accounting.

(4) Includes costs incurred to complete business combination transactions, including acquisitions, dispositions and capital market activities and include advisory, legal, and other professional and consulting costs.

(5) Reflects costs related to restructuring and impairment associated with the acquisition of DRG and CPA Global in 2020. This also includes costs incurred in connection with the initiative, following our merger with Churchill Capital Corp in 2019, to streamline our operations by simplifying our organization and focusing on two segments.

(6) Reflects mark to market adjustments on financial instruments under Accounting Standards Codification 815, *Derivatives and Hedging,* ("ASC 815"). Warrant instruments that do not meet the criteria to be considered indexed to an entity's own stock shall be

initially classified as a liability at their estimated fair values, regardless of the likelihood that such instruments will ever be settled in cash. In periods subsequent to issuance, changes in the estimated fair value of the liabilities are reported through earnings.

(7) Includes primarily the net impact of foreign exchange gains and losses related to the re-measurement of balances and other items that do not reflect our ongoing operating performance.

(8) Represents the acquisition Adjusted EBITDA for the period beginning January 1, 2020 through the respective acquisition date of each acquired business to reflect the company's Standalone Adjusted EBITDA as though material acquisitions occurred at the beginning of the presented period.

(9) Reflects the estimated annualized run-rate cost savings, net of actual cost savings realized, related to restructuring and other cost savings initiatives undertaken during the period (exclusive of any cost reductions in our estimated standalone operating costs), including synergies related to acquisitions.

(10) Reflects the difference between our actual standalone company infrastructure costs, and our estimated steady operating costs, which were as follows:

| | **Twelve Months Ended March 31,** | |
|---|---|---|
| *(in thousands)* | **2021** | **2020** |
| Actual standalone company infrastructure costs | $ — | $ 161,500 |
| Steady state standalone cost estimate | — | (132,979) |
| Excess standalone costs | $ — | $ 28,521 |

The foregoing adjustments (8) and (9) are estimates and are not intended to represent pro forma adjustments presented within the guidance of Article 11 of Regulation S-X. Although we believe these estimates are reasonable, actual results may differ from these estimates, and any difference may be material. See "Cautionary Statement Regarding Forward-Looking Statements."

***Debt Profile***

There have been no material changes to the debt profile associated with our business previously disclosed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity section in our Annual Report on Form 10-K/A, except as set forth below. The disclosures set forth below updates, and should be read together with, the disclosures in the Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity - Debt Profile section, in our Annual Report on Form 10-K/A.

The credit facilities are secured by substantially all of our assets and the assets of all of our U.S. restricted subsidiaries and certain of our non-U.S. subsidiaries, including those that are or may be borrowers or guarantors under the Credit Facilities, subject to customary exceptions. The credit facilities contain customary events of default and restrictive covenants that limit us from, among other things, incurring certain additional indebtedness, issuing preferred stock, making certain restricted payments and investments, certain transfers or sales of assets, entering into certain affiliate transactions or incurring certain liens. These credit facilities limitations are subject to customary baskets, including certain limitations on debt incurrence and issuance of preferred stock, subject to compliance with a consolidated coverage ratio of Consolidated EBITDA (as defined in the credit facilities), a measure identical to our Standalone Adjusted EBITDA disclosed above under - Required Reported Data - Standalone Adjusted EBITDA, to interest and other fixed charges on certain debt (as defined in the credit facilities) of 2.00 to 1.00. In addition, the credit facilities require us to comply with a springing financial covenant pursuant to which, as of the third quarter of 2019, we must not exceed a total first lien net leverage ratio (as defined under the credit facilities) of 7.25 to 1.00, to be tested on the last day of any quarter only when more than 30% of the revolving credit facility (excluding (i) non-cash collateralized, issued and undrawn letters of credit in an amount up to $10,000 and (ii) any cash collateralized letters of credit) is utilized at such date. As of March 31, 2021, our consolidated coverage ratio was 7.00 to 1.00 and our consolidated leverage ratio was 4.03 to 1.00. As of the date of this Report, we are in compliance with the covenants in the credit facilities. During the three months ended March 31, 2021, the Company paid down $0 drawn on the revolving credit facility. On February 28, 2020, we incurred an incremental $360,000 of term loans under our term loan facility and used the net proceeds from such borrowings to fund a portion of the cash consideration for the DRG acquisition. On October 1, 2020, in connection with the CPA Global acquisition, the Company incurred an incremental $1,600,000 of borrowings under our term loan facility and used the net proceeds from such borrowings to fund the repayment of CPA Global's parent company outstanding debt.

***Commitments and Contingencies***

Our contingent liabilities consist primarily of letters of credit and performance bonds and other similar obligations in the ordinary course of business.

The Company maintained a contingent stock liability based on observable market data relating to the CPA Global acquisition that occurred on October 1, 2020. The amount was settled on January 21, 2021 through the issuance of ordinary shares. The contingent stock liability was $0 and $44,565 as of March 31, 2021 and December 31, 2020, recorded in Accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheet. The Company recognized a gain of $675 and $0 related to the changes in the contingent stock liability for the three months ended March 31, 2021 and 2020, respectively, recorded within Selling, general and administrative costs on the Condensed Consolidated Statement of Operations.

The Company maintained a contingent stock liability based on observable market data relating to the DRG acquisition that occurred on February 28, 2020. The amount was settled on March 5, 2021 through the issuance of ordinary shares. The contingent stock liability was $0 and $86,029 as of March 31, 2021 and December 31, 2020, recorded in Accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheet. The Company recognized (income) expense of $(24,410) and $1,187 related to the changes in the contingent stock liability for the three months ended March 31, 2021 and 2020, respectively, recorded within Selling, general and administrative costs on the Condensed Consolidated Statement of Operations.

***Off Balance Sheet Arrangements***

We do not currently have any off-balance sheet arrangements.

***Contractual Obligations***

We have various contractual obligations and commercial commitments that are recorded as liabilities in our financial statements. Other items, such as purchase obligations and other executory contracts, are not recognized as liabilities in our consolidated financial statements, but are required to be disclosed.

There have been no other material changes, outside of the ordinary course of business, to our contractual obligations as previously disclosed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity - Contractual Obligations section, in our Annual Report on Form 10-K/A.

## Critical Accounting Policies, Estimates and Assumptions

There have been no material changes from the critical accounting policies, estimates, and assumptions previously disclosed in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies, Estimates and Assumptions" section in our Annual Report on Form 10-K/A.

**Recently Issued and Adopted Accounting Pronouncements**

For recently issued and adopted accounting pronouncements, see "Item 1. Financial Statements and Supplementary Data - Notes to Condensed Consolidated Financial Statements - Note 3" within this Report.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

For information regarding our exposure to certain market risks, see “Item 7A. Quantitative and Qualitative Disclosures About Market Risk,” in the Annual Report on Form 10-K/A.

***Interest Rate Risk***

Our interest rate risk arises primarily from our borrowings at floating interest rates. Borrowings under our credit facilities are subject to floating base interest rates, plus a margin. As of March 31, 2021, we had $2,840,250 of floating rate debt outstanding under our credit facilities, consisting of borrowings under the revolving and term loan facilities for which the base rate was one-month LIBOR (subject, with respect to the term loan facility only, to a floor of 0.00% for $1,244,250 and 1.00% for $1,596,000), which stood at 0.11% at March 31, 2021. Of this amount, we hedged $450,000 of our principal amount of our floating rate debt under hedges using interest rate derivatives. As a result, $2,390,250 of our outstanding borrowings effectively bore interest at floating rates. A 100 basis point increase or decrease in the applicable base interest rate under our credit facilities would have an annual impact of $337 on our cash interest expense for the three months ended March 31, 2021. For additional information on our outstanding debt and related hedging, see Item 1. Financial Statements and Supplementary Data - Notes to the Consolidated Financial Statements - Note 10 - Derivative Instruments and Note 14 - Debt.

## Item 4. Controls and Procedures

***Evaluation of disclosure controls and procedures***

Pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer, concluded that, as of March 31, 2021, due to the material weakness in our internal control over financial reporting described below, our disclosure controls and procedures were not effective to provide reasonable assurance that the information required to be disclosed in the reports required to be filed or submitted under the Securities Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management has identified a material weakness in our internal control over financial reporting related to a lack of an effectively designed control over the evaluation of settlement features used to determine the classification of warrant instruments, as disclosed in our Annual Report on Form 10K/A for the fiscal year ended December 31, 2020.

***Remediation Plan***

Our remediation plan includes management designing a control at a sufficient level of precision over the evaluation of settlement features used to determine the classification of warrant instruments.

While we believe that the above actions will ultimately remediate the material weakness, we intend to continue to refine the control and test its effectiveness for a sufficient period of time prior to reaching any determination as to whether the material weakness has been remediated.

Notwithstanding the identified material weakness, management believes that the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q present fairly, in all material respects, our financial position, results of operations, and cash flows as of and for the periods presented in accordance with U.S. GAAP.

***Changes in Internal Control Over Financial Reporting***

There were no changes in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. Other Information

## Item 1. Legal Proceedings

From time to time, we are a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of our business. While the outcomes of these matters are uncertain, management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on our consolidated financial position, results of operations or cash flows. For additional discussion of legal proceedings, see Item 1. Financial Statements and Supplementary Data - Notes to Condensed Consolidated Financial Statements - Note 22 in this Report.

## Item 1A. Risk Factors

There have been no material changes to the risk factors associated with our business as disclosed in Part I, Item 1A of our 2020 annual report on Form 10-K/A.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

**Issuer Purchases of Equity Securities**

| Period | Total Number of Shares Purchased (1) | Price Paid Per Share | Total Number of Shares Purchases As Part of Publicly Announced Plans or Programs | Number of Shares that May Yet Be Purchased Under Plans or Programs |
|---|---|---|---|---|
| January 1, 2021-January 31, 2021 | 8,250 | $ 16.98 | — | — |
| February 1, 2021-February 28, 2021 | 33,559 | $ 13.05 | — | — |
| March 1, 2021-March 31, 2021 | 311,640 | $ 12.65 | — | — |
| Total | 353,449 | | — | |

(1) Includes shares withheld to satisfy tax withholding obligations on behalf of employees that occur upon vesting and delivery of outstanding shares underlying stock options and restricted stock units under the 2019 Incentive Award Plan.

## Item 3. Defaults Upon Senior Securities

None.

## Item 4. Mine Safety Disclosures

Not applicable.

## Item 5. Other Information

None.

## Item 6. Exhibits and Financial Statement Schedules

**EXHIBIT INDEX**

| | |
|---|---|
| 4.1* | First Supplemental Indenture, dated as of May 15, 2020, to the indenture dated as of October 31, 2019 among Camelot Finance S.A., as Issuer, the guarantors party thereto and Wilmington Trust, National Association, as trustee governing the 4.50% Senior Secured Notes due 2026 |
| 4.2* | Second Supplemental Indenture, dated as of March 30, 2021, to the indenture dated as of October 31, 2019 among Camelot Finance S.A., as Issuer, the guarantors party thereto and Wilmington Trust, National Association, as trustee governing the 4.50% Senior Secured Notes due 2026 |
| 31* | Certification of our Chief Executive Officer and our Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32* | Certification of our Chief Executive Officer and our Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101* | The following information from our Form 10-Q for the quarterly period ended March 31, 2021, formatted in Inline eXtensible Business Reporting Language: (i) Condensed Consolidated Statement of Comprehensive Income (unaudited), (ii) Condensed Consolidated Balance Sheet (unaudited), (iii) Condensed Consolidated Statement of Changes in Equity (unaudited), (iv) Condensed Consolidated Statement of Cash Flows (unaudited), and (v) the Notes to the Condensed Consolidated Financial Statements (unaudited). |
| 104* | The cover page from the Company's Annual Report on Form 10-Q for the quarter ended March 31, 2021, formatted in Inline XBRL |

* Filed herewith.

## SIGNATURES

Pursuant to the requirements 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 in the City of London, United Kingdom on May 10, 2021.

CLARIVATE PLC

By: /s/ Richard Hanks

Name: Richard Hanks

Title: Chief Financial Officer

**SUPPLEMENTAL INDENTURE**

FIRST SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of May 15, 2020, among the Guarantors listed on Annex I attached hereto (each a "New Guarantor" and collectively the "New Guarantors"), each a subsidiary of Camelot UK Bidco Limited, a private limited liability company incorporated under the laws of England and Wales ("UK Holdco"), Camelot Finance S.A., a public limited liability company (*société anonyme*) organized and established under the laws of the Grand Duchy of Luxembourg, having its registered office at 15 rue Edward Steichen, L-2540 Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B 208514 (the "Issuer"), and WILMINGTON TRUST, NATIONAL ASSOCIATION, as trustee (the "Trustee") and collateral agent ("the Collateral Agent").

W I T N E S S E T H :

WHEREAS the Issuer has heretofore executed and delivered to the Trustee and the Collateral Agent an Indenture (as amended, supplemented or otherwise modified, the "Indenture") dated as of October 31, 2019, providing for the issuance of the Issuer's 4.50% Senior Secured Notes due 2026 initially in the aggregate principal amount of $700,000,000 (the "Securities");

WHEREAS Section 4.10 of the Indenture provides that under certain circumstances the Issuer is required to cause each New Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which such New Guarantor shall unconditionally guarantee all the Issuer's obligations under the Securities pursuant to a Guarantee on the terms and conditions set forth herein; and

WHEREAS pursuant to Section 9.01 of the Indenture, the Trustee, the Collateral Agent and the Issuer are authorized to execute and deliver this Supplemental Indenture without consent of the Holders;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantors, the Issuer, the Trustee and the Collateral Agent mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Defined Terms. As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recital hereto are used herein as therein defined, except that the term "Holders" in this Supplemental Indenture shall refer to the term "Holders" as defined in the Indenture and the Trustee acting on behalf of and for the benefit of such Holders. The words "herein," "hereof" and hereby and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

2. Agreement to Guarantee. Each New Guarantor hereby agrees, jointly and severally with all existing Guarantors, to unconditionally guarantee the Issuer's obligations under

the Securities on the terms and subject to the conditions and limitations set forth in Article 11 of the Indenture and to be bound by all other applicable provisions of the Indenture and the Securities and to perform all of the obligations and agreements of a Guarantor under the Indenture.

3. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every holder of Securities heretofore or hereafter authenticated and delivered shall be bound hereby.

4. Notices. All notices or other communications to each New Guarantor shall be given as provided in Section 12.02 of the Indenture.

5. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SUCH STATE WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF TO THE EXTENT THE LAW OF ANOTHER JURISDICTION WOULD BE APPLIED THEREBY.**

(a) Consent to Jurisdiction**.** Any legal suit, action or proceeding arising out of or based upon the Indenture, this Supplemental Indenture, the Securities, the Guarantees or the transactions contemplated hereby ("Related Proceedings") may be instituted in the federal courts of the United States of America located in the City and County of New York or the courts of the State of New York in each case located in the City and County of New York (collectively, the "Specified Courts"), and, subject to the final sentence of this Section 5(a), each party irrevocably submits to the non-exclusive jurisdiction of the Specified Courts in any Related Proceeding. Service of any process, summons, notice or document by mail to such party's address set forth above shall be effective service of process for any Related Proceeding brought in any Specified Court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any Related Proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any Specified Court that any Related Proceeding brought in any Specified Court has been brought in an inconvenient forum. The Trustee and Collateral Agent reserve the right to bring an action in any court that has jurisdiction over the trust estate, which may be a court other than the Specified Courts, when seeking a direction from a court in the administration of the trust estate. On the Issue Date, the Issuer and each Issue Date Guarantor that is not located in the United States appoint Camelot U.S. Acquisition 1 Co., a Delaware corporation ("Camelot Acquisition Co."), as agent for service of process. After the Issue Date, each new Guarantor not located in the United States will appoint either (i) a Guarantor organized in the United States, which initially shall be Camelot Acquisition Co. or (ii) to the extent no Guarantor is organized in the United States, the Issuer and each Guarantor shall appoint Corporation System Trust Company (or another company providing a similar service), in each case as its agent for service of process or other legal summons for purposes of any Related Proceedings that may be instituted in any Specified Courts. The address for Camelot Acquisition

Co., the initial agent for service of process, is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington Delaware 19808, United States.

(b) Waiver of Immunity**.** With respect to any Related Proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any suits, actions, or proceedings instituted in regard to the enforcement of a judgment of any Specified Court in a Related Proceeding (a "Related Judgment"), each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

6. Trustee and Collateral Agent Make No Representation. Neither the Trustee nor the Collateral Agent makes any representation as to the validity or sufficiency of this Supplemental Indenture.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Supplemental Indenture. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

CAMELOT FINANCE S.A.,
as Issuer

| | |
|---|---|
| By: | /s/ Stephen Hartman |
| Name: | Stephen Hartman |
| Title: | Class A Director |
| | |
| By: | /s/ Baptiste Dupuy |
| Name: | Baptiste Dupuy |
| Title: | Class B Director |

CLARIVATE ANALYTICS (US) HOLDINGS INC.
DECISION RESOURCES, INC.
DECISION RESOURCES INTERNATIONAL, INC.
DR/DECISION RESOURCES,LLC
DRG HOLDCO INC.
as New Guarantors

By: /s/ Richard Hanks
Name: Richard Hanks
Title: Chief Financial Officer

[Signature Page to First Supplemental Indenture]

CROSSBOW IP SERVICES LLC
LONGBOW LEGAL SERVICES INC.
as New Guarantors

By: /s/ Richard Hanks
Name: Richard Hanks
Title: President

[Signature Page to First Supplemental Indenture]

DECISION RESOURCES GROUP UK LIMITED
SHARP INSIGHT LIMITED
SIGMATIC LIMITED
as New Guarantors

By: /s/ Stephen Hartman
Name: Stephen Hartman
Title: Director

[Signature Page to First Supplemental Indenture]

WILMINGTON TRUST, NATIONAL ASSOCIATION
as Trustee

| | |
|---|---|
| By: | /s/ Barry D. Somrock |
| Name: | Barry D. Somrock |
| Title: | Vice President |

WILMINGTON TRUST, NATIONAL ASSOCIATION
as Collateral Agent

| | |
|---|---|
| By: | /s/ Barry D. Somrock |
| Name: | Barry D. Somrock |
| Title: | Vice President |

1. Clarivate Analytics (US) Holdings Inc., a Delaware corporation
2. Crossbow IP Services LLC, a Delaware limited liability company
3. Longbow Legal Services Inc., a Delaware corporation
4. Decision Resources, Inc., a Delaware corporation
5. Decision Resources International, Inc., a Massachusetts corporation
6. DR/Decision Resources, LLC, a Delaware limited liability company
7. DRG Holdco Inc., a Delaware corporation
8. Decision Resources Group UK Limited, a United Kingdom limited company
9. Sharp Insight Limited, a United Kingdom limited company
10. Sigmatic Limited, a United Kingdom limited company

# SUPPLEMENTAL INDENTURE

SECOND SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of March 30, 2021, among the Guarantors listed on Annex I attached hereto (each a "New Guarantor" and collectively the "New Guarantors"), each a subsidiary of Camelot UK Bidco Limited, a private limited liability company incorporated under the laws of England and Wales ("UK Holdco"), Camelot Finance S.A., a public limited liability company (*société anonyme*) organized and established under the laws of the Grand Duchy of Luxembourg, having its registered office at 14 rue Edward Steichen, L-2540 Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B 208514 (the "Issuer"), and WILMINGTON TRUST, NATIONAL ASSOCIATION, as trustee (the "Trustee") and collateral agent ("the Collateral Agent").

W I T N E S S E T H :

WHEREAS the Issuer has heretofore executed and delivered to the Trustee and the Collateral Agent an Indenture (as amended, supplemented or otherwise modified, the "Indenture") dated as of October 31, 2019, providing for the issuance of the Issuer's 4.50% Senior Secured Notes due 2026 initially in the aggregate principal amount of $700,000,000 (the "Securities");

WHEREAS Section 4.10 of the Indenture provides that under certain circumstances the Issuer is required to cause each New Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which such New Guarantor shall unconditionally guarantee all the Issuer's obligations under the Securities pursuant to a Guarantee on the terms and conditions set forth herein; and

WHEREAS pursuant to Section 9.01 of the Indenture, the Trustee, the Collateral Agent and the Issuer are authorized to execute and deliver this Supplemental Indenture without consent of the Holders;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantors, the Issuer, the Trustee and the Collateral Agent mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Defined Terms. As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recital hereto are used herein as therein defined, except that the term "Holders" in this Supplemental Indenture shall refer to the term "Holders" as defined in the Indenture and the Trustee acting on behalf of and for the benefit of such Holders. The words "herein," "hereof" and hereby and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

2. Agreement to Guarantee. Each New Guarantor hereby agrees, jointly and severally with all existing Guarantors, to unconditionally guarantee the Issuer's obligations under

the Securities on the terms and subject to the conditions and limitations set forth in Article 11 of the Indenture and to be bound by all other applicable provisions of the Indenture and the Securities and to perform all of the obligations and agreements of a Guarantor under the Indenture.

3. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every holder of Securities heretofore or hereafter authenticated and delivered shall be bound hereby.

4. Notices. All notices or other communications to each New Guarantor shall be given as provided in Section 12.02 of the Indenture.

5. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SUCH STATE WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF TO THE EXTENT THE LAW OF ANOTHER JURISDICTION WOULD BE APPLIED THEREBY.**

(a) Consent to Jurisdiction**.** Any legal suit, action or proceeding arising out of or based upon the Indenture, this Supplemental Indenture, the Securities, the Guarantees or the transactions contemplated hereby ("Related Proceedings") may be instituted in the federal courts of the United States of America located in the City and County of New York or the courts of the State of New York in each case located in the City and County of New York (collectively, the "Specified Courts"), and, subject to the final sentence of this Section 5(a), each party irrevocably submits to the non-exclusive jurisdiction of the Specified Courts in any Related Proceeding. Service of any process, summons, notice or document by mail to such party's address set forth above shall be effective service of process for any Related Proceeding brought in any Specified Court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any Related Proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any Specified Court that any Related Proceeding brought in any Specified Court has been brought in an inconvenient forum. The Trustee and Collateral Agent reserve the right to bring an action in any court that has jurisdiction over the trust estate, which may be a court other than the Specified Courts, when seeking a direction from a court in the administration of the trust estate. On the Issue Date, the Issuer and each Issue Date Guarantor that is not located in the United States appoint Camelot U.S. Acquisition 1 Co., a Delaware corporation ("Camelot Acquisition Co."), as agent for service of process. After the Issue Date, each new Guarantor not located in the United States will appoint either (i) a Guarantor organized in the United States, which initially shall be Camelot Acquisition Co. or (ii) to the extent no Guarantor is organized in the United States, the Issuer and each Guarantor shall appoint Corporation System Trust Company (or another company providing a similar service), in each case as its agent for service of process or other legal summons for purposes of any Related Proceedings that may be instituted in any Specified Courts. The address for Camelot Acquisition

Co., the initial agent for service of process, is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington Delaware 19808, United States.

(b) Waiver of Immunity. With respect to any Related Proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any suits, actions, or proceedings instituted in regard to the enforcement of a judgment of any Specified Court in a Related Proceeding (a "Related Judgment"), each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

6. Trustee and Collateral Agent Make No Representation. Neither the Trustee nor the Collateral Agent makes any representation as to the validity or sufficiency of this Supplemental Indenture.

7. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Supplemental Indenture. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

CAMELOT FINANCE S.A.,
as Issuer

| | |
|---|---|
| By: | /s/ Stephen Hartman |
| Name: | Stephen Hartman |
| Title: | Class A Director |
| | |
| By: | /s/ Baptiste Dupuy |
| Name: | Baptiste Dupuy |
| Title: | Class B Director |

CAMELOT U.S. ACQUISITION CO.
CPA GLOBAL (FIP) LLC
CPA GLOBAL (FTF) INC.
CPA GLOBAL (IPAN) LLC
CPA GLOBAL (IPENDO) INC
GPA GLOBAL (LANDON IP) INC.
CPA GLOBAL NORTH AMERICA LLC
CPA GLOBAL PATENT RESEARCH LLC
CPA GLOBAL SERVICES US INC.
CPA GLOBAL SUPPORT SERVICES LLC
CPA SOFTWARE SOLUTIONS (NORTH AMERICA) LIMITED
CPA US HOLDINGS, INC.
INFORMATION HOLDINGS INC.
INNOGRAPHY, INC.
IPFOLIO CORPORATION
MARKPRO US LLC
MASTER DATA CENTER, INC.
OLCOTT INTERNATIONAL & CO., L.L.C.
PATENT RESOURCES GROUP, INC.
as New Guarantors

| | |
|---|---|
| By: | /s/ Richard Hanks |
| Name: | Richard Hanks |
| Title: | Treasurer |

CLARIVATE IP (US) HOLDINGS CORPORATION
as New Guarantor

By: /s/ Richard Hanks
Name: Richard Hanks
Title: President

[Signature Page to Second Supplemental Indenture]

COMPUTER PATENT ANNUITIES INTERNATIONAL LIMITED
CPA GLOBAL MANAGMENT SERVICES LTD
GPA GLOBAL FINCO LIMITED
CPA GLOBAL (LANDON IP) LIMITED
CPA GLOBAL LEGAL SUPPORT SERVICES UK LIMITED
CPA GLOBAL (PATRAFEE) LIMITED
CPA GLOBAL RENEWALS (UK) LIMITED
CPA GLOBAL SOFTWARE SOLUTIONS (UK) LIMITED
CPAUSH LTD
WIRO LIMITED
as New Guarantors

| | |
|---|---|
| By: | /s/ Stephen Hartman |
| Name: | Stephen Hartman |
| Title: | Director |

IPSS EUROPE LIMITED
as a New Guarantor

| | |
|---|---|
| By: | /s/ Stephen Hartman |
| Name: | Stephen Hartman |
| Title: | Director |

[Signature Page to Second Supplemental Indenture]

WILMINGTON TRUST, NATIONAL ASSOCIATION
as Trustee

| | |
|---|---|
| By: | /s/ Barry D. Somrock |
| Name: | Barry D. Somrock |
| Title: | Vice President |

WILMINGTON TRUST, NATIONAL ASSOCIATION
as Collateral Agent

| | |
|---|---|
| By: | /s/ Barry D. Somrock |
| Name: | Barry D. Somrock |
| Title: | Vice President |

[Signature Page to Second Supplemental Indenture]

1. Camelot U.S. Acquisition 3 Co., a Delaware corporation
2. Clarivate IP (US) Holdings Corporation, a Delaware corporation
3. CPA Global (FIP) LLC, a Delaware limited liability company
4. CPA Global (FTF) Inc., a Delaware corporation
5. CPA Global (Ipendo) Inc, a Delaware corporation
6. CPA Global (Landon IP) Inc., a Virginia corporation
7. CPA Global North America LLC, a Delaware limited liability company
8. CPA Global Patent Research LLC, a Virginia limited liability company
9. CPA Global Services US Inc., a Delaware corporation
10. CPA Global Support Services LLC, a Delaware limited liability company
11. CPA Software Solutions (North America) Limited, a Virginia limited company
12. CPA US Holdings, Inc., a Delaware corporation
13. Information Holdings Inc., a Delaware corporation
14. Innography, Inc., a Delaware corporation
15. CPA Global (Ipan) LLC, a Delaware limited liability company
16. IPFolio Corporation, a Delaware corporation
17. Markpro US LLC, a Delaware limited liability company
18. Master Data Center, Inc., a Michigan corporation
19. Olcott International & Co., L.L.C., a Delaware limited liability company
20. Patent Resources Group, Inc., a Virginia corporation
21. Computer Patent Annuities International Limited, a United Kingdom limited company
22. CPA Global Management Services Ltd, a United Kingdom limited company
23. CPA Global Finco Limited, a United Kingdom limited company
24. CPA Global (Landon IP) Limited, a United Kingdom limited company

25. CPA Global Legal Support Services UK Limited, a United Kingdom limited company

26. CPA Global (Patrafee) Limited, a United Kingdom limited company

27. CPA Global Renewals (UK) Limited, a United Kingdom limited company

28. CPA Global Software Solutions (UK) Limited, a United Kingdom limited company

29. CPAUSH Ltd, a United Kingdom limited company

30. IPSS Europe Limited, a United Kingdom limited company

31. Wiro Limited, a United Kingdom limited company

## CERTIFICATION

I, Jerre Stead, certify that:

1. I have reviewed this Report on Form 10-Q of Clarivate Plc;

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

   d) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ Jerre Stead

Jerre Stead

Executive Chairman and Chief Executive Officer

**CERTIFICATION**

I, Richard Hanks, certify that:

1. I have reviewed this Report on Form 10-Q of Clarivate Plc;

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

   d) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ Richard Hanks

Richard Hanks
Chief Financial Officer

**CERTIFICATION PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Clarivate Plc (the "Company") on Form 10-Q for the quarter ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jerre Stead, Executive Chairman and Chief Executive Officer of the Company, certify to my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2021

/s/ Jerre Stead

Jerre Stead

Executive Chairman and Chief Executive Officer

**CERTIFICATION PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Clarivate Plc (the "Company") on Form 10-Q for the quarter ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard Hanks, Chief Financial Officer of the Company, certify to my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2021

/s/ Richard Hanks

Richard Hanks
Chief Financial Officer