Clarivate™

Q1 2023 Earnings Call

May 9, 2023

CLVT
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NYSE



1. Introduction



Mark Donohue
VP Investor Relations

Agenda

1.	Introduction	Mark Donohue Vice President, Investor Relations
2.	Business Review	Jonathan Gear Chief Executive Officer
3.	Financial Review	Jonathan Collins Executive Vice President and Chief Financial Officer
4.	Q&A	All

Safe Harbor Statement and Non-GAAP Financial Measures

Forward-Looking Statements

This communication contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. These statements, which express management’s current views concerning future business, events, trends, contingencies, financial performance, or financial condition, appear at various places in this communication and may use words like “aim,” “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “future,” “goal,” “intend,” “likely,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “see,” “seek,” “should,” “strategy,” “strive,” “target,” “will,” and “would” and similar expressions, and variations or negatives of these words. Examples of forward-looking statements include, among others, statements we make regarding: guidance outlook and predictions relating to expected operating results, such as revenue growth and earnings; strategic actions such as acquisitions, joint ventures, and dispositions, including the anticipated benefits therefrom, and our success in integrating acquired businesses; anticipated levels of capital expenditures in future periods; our ability to successfully realize cost savings initiatives and transition services expenses; our belief that we have sufficient liquidity to fund our ongoing business operations; expectations of the effect on our financial condition of claims, litigation, environmental costs, the impact of inflation, the impact of foreign currency fluctuations, the COVID-19 pandemic and governmental responses thereto, international hostilities, contingent liabilities, and governmental and regulatory investigations and proceedings; and our strategy for customer retention, growth, product development, market position, financial results, and reserves. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on management’s current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are difficult to predict and many of which are outside of our control. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include those factors discussed under the caption “Risk Factors” in our annual report on Form 10-K, along with our other filings with the U.S. Securities and Exchange Commission (“SEC”). However, those factors should not be considered to be a complete statement of all potential risks and uncertainties. Additional risks and uncertainties not known to us or that we currently deem immaterial may also impair our business operations. Forward-looking statements are based only on information currently available to our management and speak only as of the date of this communication. We do not assume any obligation to publicly provide revisions or updates to any forward-looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by securities and other applicable laws. Please consult our public filings with the SEC or on our website at www.clarivate.com.

Non-GAAP Financial Measures

This presentation contains financial measures which have not been calculated in accordance with United States generally accepted accounting principles (“GAAP”), including Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Adjusted Diluted EPS, Free Cash Flow, and Organic/Inorganic Revenues 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. Although we believe these measures may be useful for investors for the same reasons, these financial measures should not be considered as an alternative to GAAP financial measures as a measure of the Company’s financial condition, profitability, performance and liquidity. In addition, these financial measures may not be comparable to similar measures used by other companies. At the Appendix to this presentation, we provide further descriptions of these non-GAAP measures and reconciliations of these non-GAAP measures to the corresponding most closely related GAAP measures.

Industry and Market Data

In this presentation we refer to certain information and statistics from third-party sources. Although we believe that these sources are reliable, we have not independently verified the accuracy or completeness of such third-party sources and disclaim any liability with respect to the data therein that have been included in this presentation, and cannot guarantee their accuracy or completeness.

2. Business Review



Jonathan Gear
Chief Executive Officer

Q1 Highlights

$629M

Revenues

~Flat organic growth ▶

3% org. subscription growth ▲

$253M

Adj. EBITDA[1]

40% margin

+60 bps YoY ▲

$168M

Free Cash Flow[1]

66% conversion

+$142M YoY ▲

18¢

Adj. EPS[1]

(3¢) YoY ▼

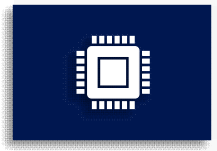
Divestiture and interest rates



Achieved **Web of Science growth inflection point**



Evolved industry thought leadership, e.g. Top 100 Global Innovators and Drugs to Watch



Leveraging generative AI to continually evolve our solutions



Completed leadership transition



Enhanced governance through board of directors' changes



Continued deleveraging through further debt paydown

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[1]See the Appendix for a reconciliation of GAAP to Non-GAAP measures.

Achieved Web of Science growth inflection point

Research and Analytics

'22 » '23

96%

Renewal rate
+350 bps YoY ▲

16%

New subscription growth
+500 bps YoY ▲

3%

Organic growth
+400 bps YoY ▲

Returning to market growth rates in Research & Analytics

Pre-Print Citation Index launch (Q1)
Enhanced content through 2M+ pre-prints advancing scientific progress

InCites - Alma Integration (Q2)
InCites integration to help librarians rapidly analyze content collections

Journal Impact Factor Expansion (Q2)
Expand and provide flagship bibliometric KPI to ~9,000 new journals

Evolved industry thought leadership

Top 100 Global Innovators™

Recognizing cutting-edge innovators defining their respective sectors

Bringing together our **enriched best-in-class data** across Derwent World Patents Index™ (DWPI™), Derwent Patent Citation Index™ and Web of Science™ to **identify the world's top innovators and key future trends**



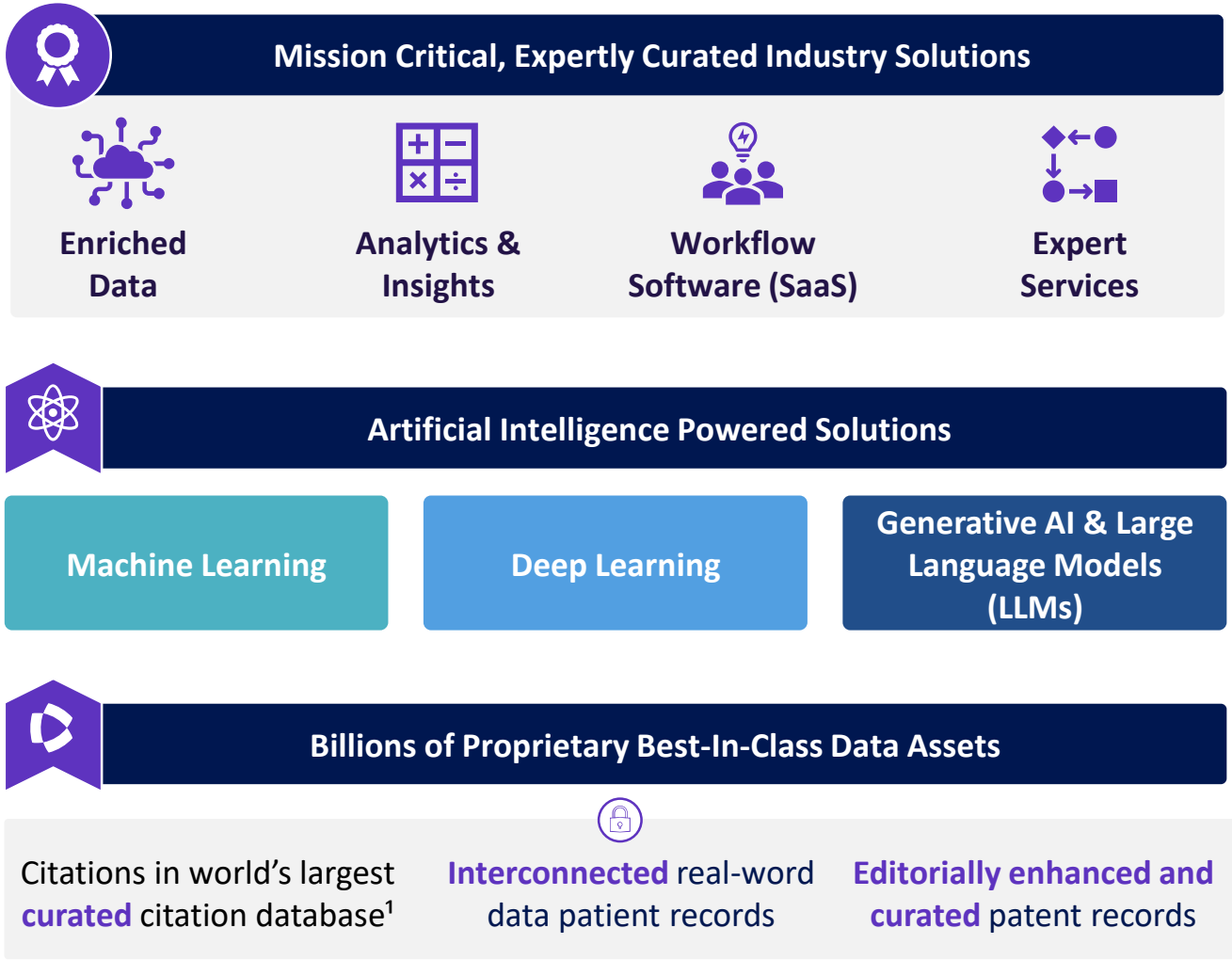
Drugs to Watch™

Predicting blockbuster drugs which will benefit millions of patients

Identified **15 potential late-stage treatments** that are forecast to deliver sales greater than $1 billion within 5 years, **through Cortellis™, Clarivate Real World Data and Analytics, Web of Science™ and Derwent Innovation™**



Leveraging generative AI to continually evolve our solutions



Continued deployment of AI across our portfolio to ensure only gold standard content is indexed within Web of Science™, build next generation search in Derwent™ and predictive analytics in Cortellis™

Leveraging machine learning in LS&H to generate future success predictors in Cortellis™, e.g. clinical trials success, regulatory approvals

Use of computer vision and image recognition in CompuMark™ for faster classification and assessment of trademarks

Deployment of LLMs to classify research papers and preprint articles in Web of Science™ and dissertations in ProQuest Dissertations & Theses Global™

[1] World's largest publisher-neutral citation database.

Completed leadership transition



Bar Veinstein

President, Academia & Government

- Joined from Taranis, served as CEO, formerly President of Ex Libris, now part of Clarivate, for 11 years
- 25+ years of leadership experience with deep expertise across Academia & Government, cloud software, AI and analytics



Gordon Samson

President, Intellectual Property

- Joined October 2020 with CPA Global acquisition, serving as Chief Operating Officer since 2014
- Successful track record of driving growth in the IP industry and beyond, having held senior executive roles for 20+ years



Henry Levy

President, Life Sciences & Healthcare

- Joined from Veeva Systems, a leader in cloud software for LS&H, serving as President, Global R&D and Quality
- Deep industry experience (25+ years) with a track record of helping customers use data and technology to transform their businesses

Enhanced governance through board of directors' changes

Improved efficiency

- Reduced board size to 11

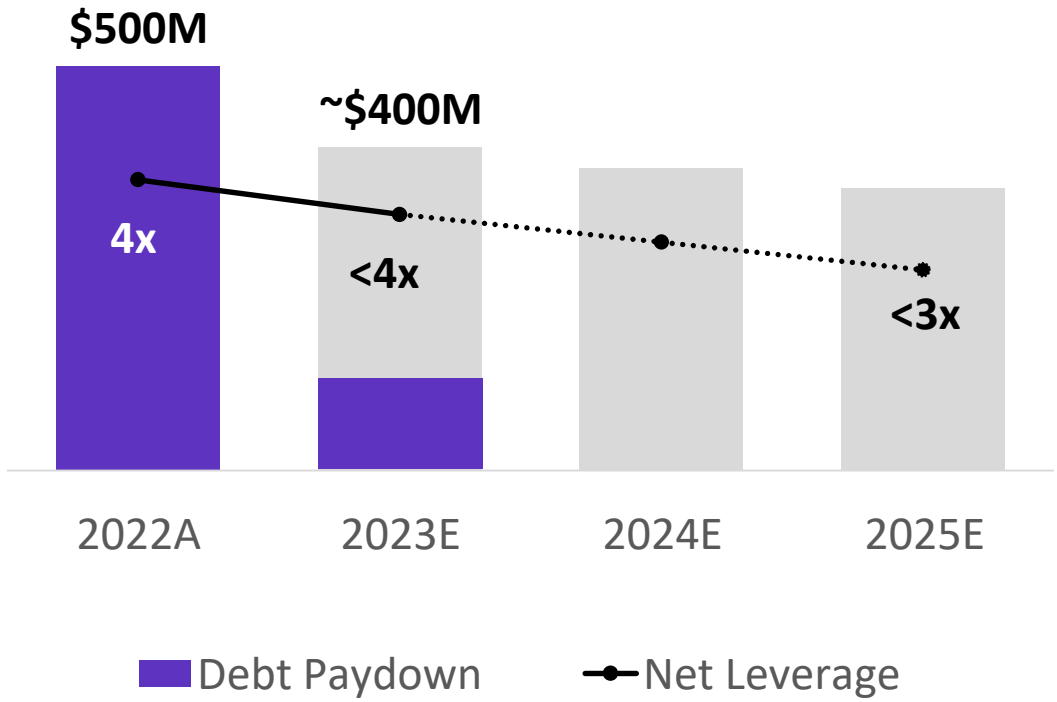
Further bolstering our deep industry expertise across our segments

- Nominated Dr. Saraubh Saha as new independent director
- Dr. Saha is a physician-scientist, pharmaceutical executive, and biotech entrepreneur dedicated to discovering and developing novel life-changing medicines
- Currently CEO of Centessa Pharmaceuticals. Formerly held roles at Bristol Myers Squibb, Atlas Venture, Delinia, Synlogic and McKinsey & Company



Continued deleveraging through further debt paydown

- $500M debt paydown in 2022. Targeting ~$400M in 2023, **achieved $125M in Q1**
- Aiming for **<4x net leverage in 2023**
- Long-term objective of **<3x net leverage by end of 2025**



3. Financial Review



Jonathan Collins
Chief Financial Officer

Q1 2023 Financial Results

Revenue

- Revenue 5% lower due to MarkMonitor Divestiture and Fx headwinds
- ~Flat organic growth YoY

Net Income

- Net Income decreased by $26m due to Mark-to-Market gain on private warrants in Q1 '22 of $100m, partly offset by favorable income tax dispute resolution of $70m

Operating Cash Flow

- Operating and Free Cash Flow up $161m on lower one-time costs, namely CPA Global equity plan payment in Q1 '22
- Increased capital investment YoY to drive product innovation

Changes from Prior Year			
$m except per share data	Q1 '23	Q1 '22	Change
Revenues, net	**$629**	**$662**	**$(33)**
Adjusted EBITDA	253	262	(9)
Adjusted EBITDA Margin	*40.2%*	*39.6%*	*60 bps*
Income from Operations	55	45	10
M-t-M Loss / (Gain) on private warrants	1	(100)	101
Interest Expense, Net	74	60	14
Income Tax (Benefit) Expense	(64)	16	(80)
Net Income	**25**	**51**	**(26)**
Net Income Per Share, basic	$0.04	$0.07	$(0.03)
Adjusted Diluted EPS	$0.18	$0.21	$(0.03)
Operating Cash Flow	**$228**	**$67**	**$160**
Capital Spending	59	41	18
Free Cash Flow	168	26	142

See the Appendix for a reconciliation of GAAP to Non-GAAP measures.

Q1 2023 Revenues and Adj. EBITDA[1] changes vs. Prior Year

Organic Growth

- ~Flat organic growth was in line with expectation
- Continued to invest in organic growth leading to negative profit conversion

Inorganic Impact

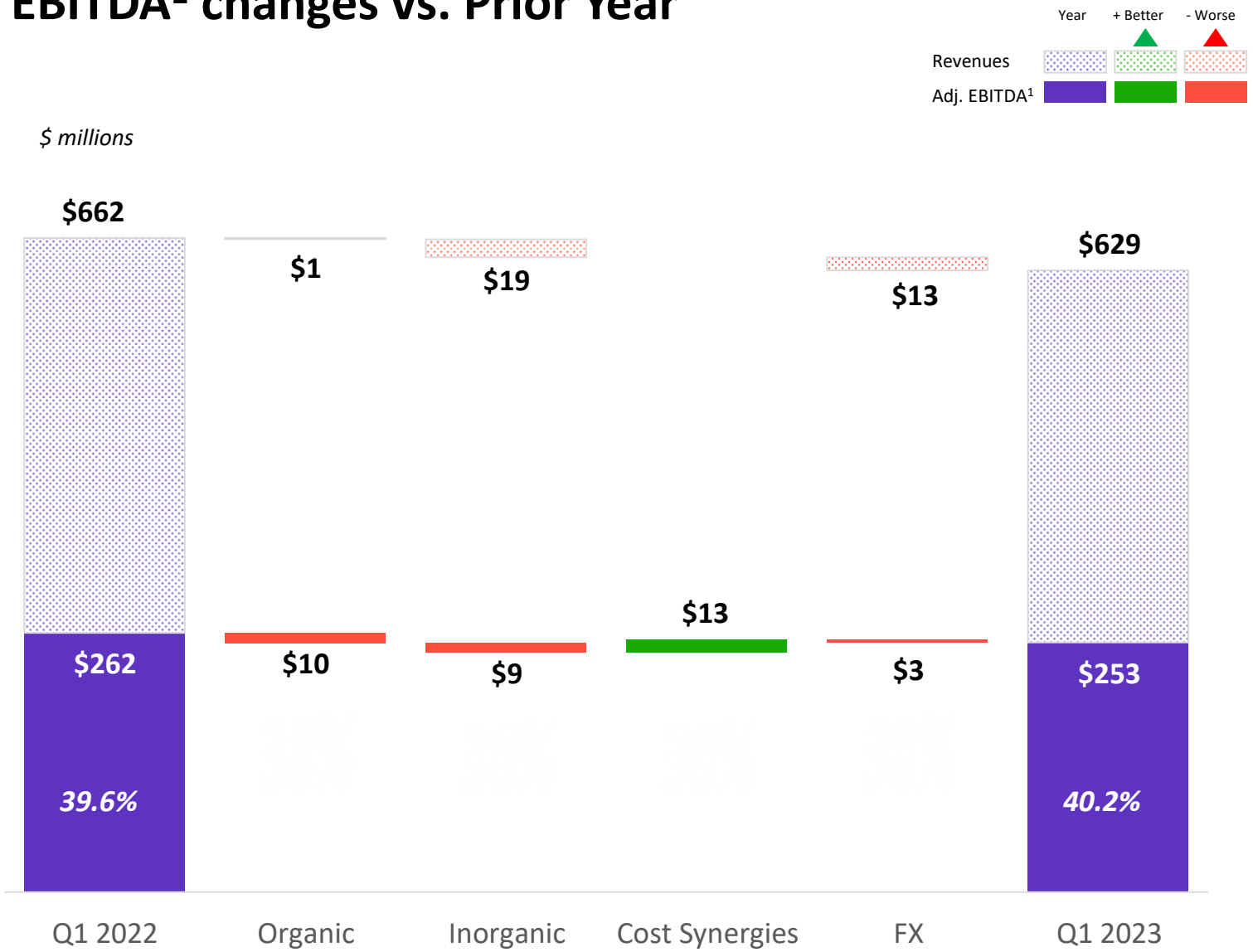
- MarkMonitor divestiture

Cost Synergies

- Cost synergies, net of certain cost to achieve, contributed $13m of profit

Foreign Exchange

- Top line translation Fx loss of $13m and $5m EBITDA conversion, with offset from transactional Fx gain impact (+$2m)



[1]See the Appendix for a reconciliation of GAAP to Non-GAAP measures.

Q1 2023 Cash Flow

Free Cash Flow

- One-time costs to complete ProQuest acquisition integration; significantly lower YoY due to CPA equity plan payment in Q1 '22
- Higher interest YoY due to impact of rising interest rates
- Working capital favorability driven partially by payment accelerations in patent renewals business in IP segment in Q1 '22
- YoY increase in capital spending due to investment in product innovation

Capital Allocation

- $125m Term Loan B pre-payment in March

Changes from Prior Year

$m	Q1 '23	Q1 '22	Change
Adj. EBITDA	**$253**	**$262**	**$(9)**
One-Time Costs[1]	(33)	(166)	133
Interest	(41)	(28)	*(13)*
Taxes	(3)	(4)	1
Working Capital / Other	51	2	49
Operating Cash Flow	228	67	161
Capital Spending	(59)	(41)	(18)
Free Cash Flow	**$168**	**$26**	**$142**
Conversion	***66%***	***10%***	**+56%pts**
Preferred Dividend	(19)	(19)	-
Share Repurchase	-	(55)	55
Debt Repayment	(125)	(7)	(118)
Other[2]	(9)	125	(133)
Cash Flow	**$15**	**$69**	**$(54)**

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See the Appendix for a reconciliation of GAAP to Non-GAAP measures.

[1] Includes payments from CPA Global employee benefits trust taken from restricted cash but included in cash from operations in GAAP financial statements. See the Appendix for a reconciliation of GAAP to Non-GAAP measures.

[2] Primarily reflects the change in restricted cash relating to the CPA Global employee benefits payment.

FY 2023 Outlook

Organic Growth

- Expansion in 2023 from improvements expected in A&G (R&A) and transactional products and services

Adj. EBITDA Margin[1]

- Profit margin expansion driven by carryover impact of cost synergies from ProQuest integration

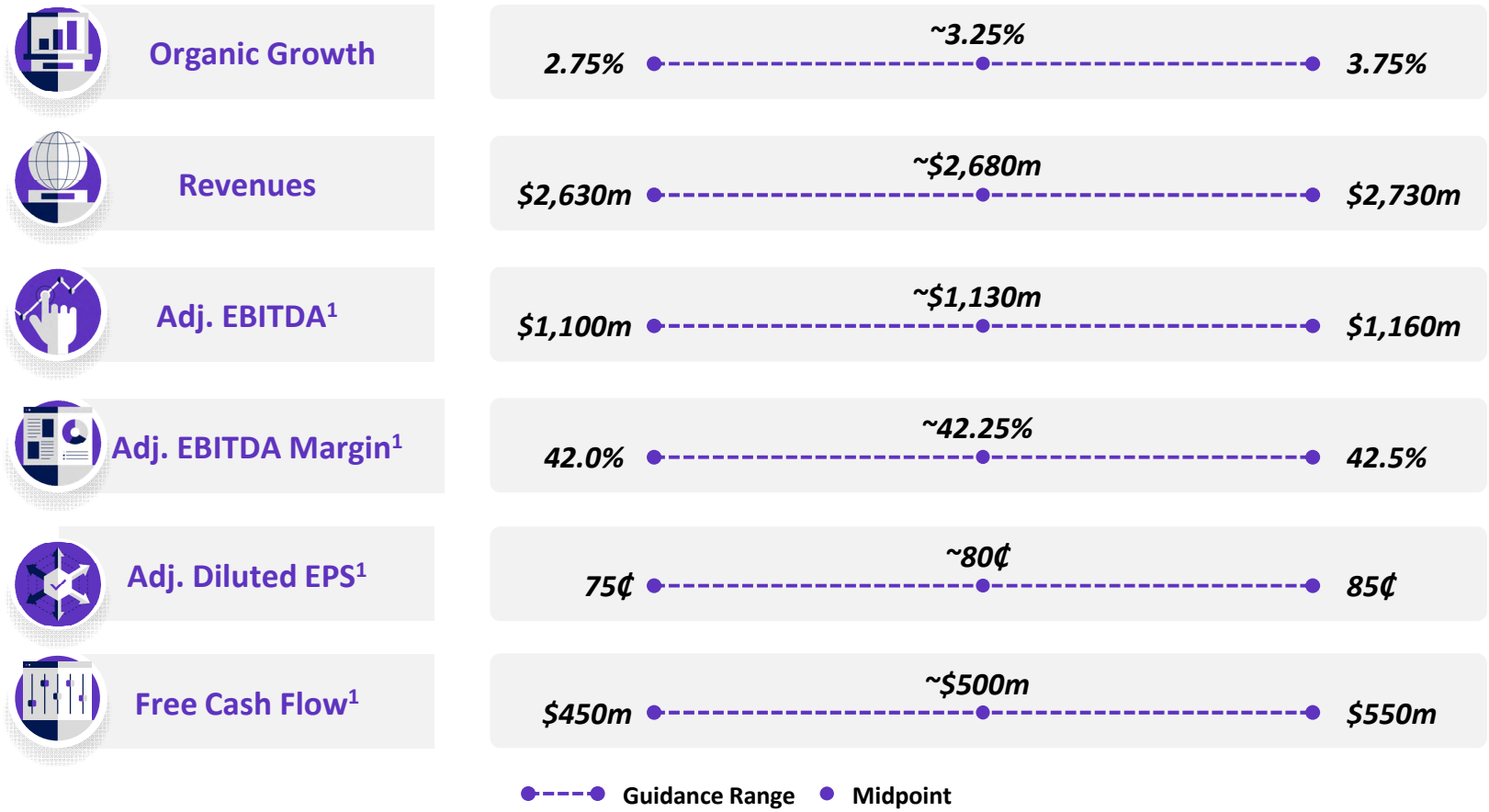
Free Cash Flow[1]

- Significant improvement compared to last year on substantially lower one-time costs

Adj. Diluted EPS[1]

- EPS decline v. prior year due to higher interest expense and MarkMonitor divesture

Reaffirmed Full Year Guidance Ranges



[1]See the Appendix for a reconciliation of GAAP to Non-GAAP measures.

FY 2023 Revenues and Adj. EBITDA[1] outlook vs. Prior Year

Organic Growth

- ~30% Adj. EBITDA margin conversion on ~3.25% organic growth reflects operating expense investments to fuel product innovation

Inorganic Impact

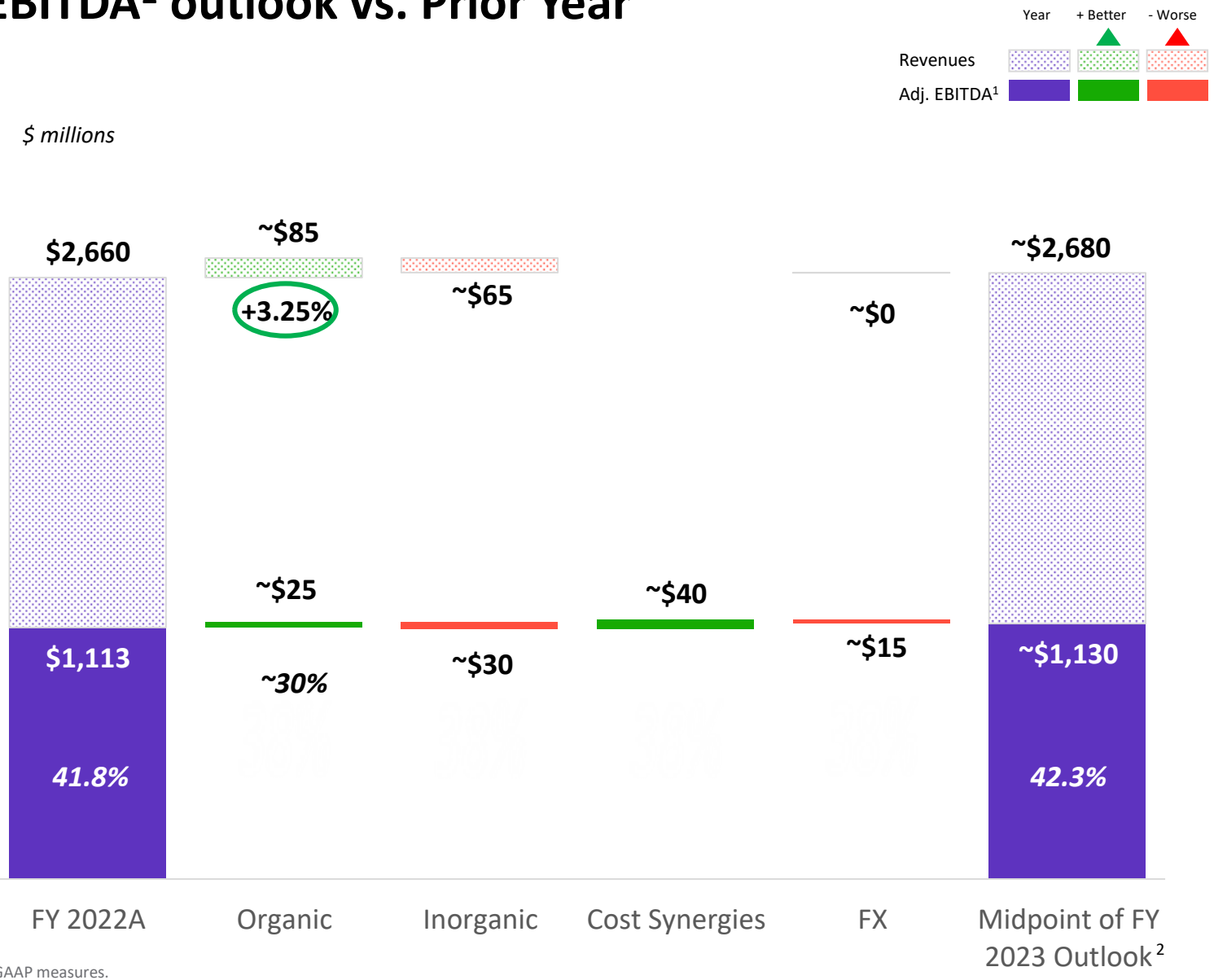
- MarkMonitor divestiture

Cost Synergies

- Expect to recognize carryover impact of ProQuest integration

Foreign Exchange

- Fx profit headwind due to transactional Fx gains in 2022 that are not expected to recur



[1]See the Appendix for a reconciliation of GAAP to Non-GAAP measures.
[2]Please refer to slide 16 for the actual outlook ranges.

FY 2023 Cash Flow Outlook

Free Cash Flow

- One-time cost reduction due to completion of acquisition integrations
- Higher cash interest payments due to base rate increases
- Anticipate lower working capital requirements in 2023
- Increased capital spending to fuel product innovation and accelerate organic growth

Capital Allocation

- Anticipate utilizing free cash flow to deleverage <4x
- Given current share price, may remain opportunistic on share repurchases as leverage falls below 4 turns

Changes from Prior Year			
$m	Midpoint of 2023 Outlook[2]	2022 Actuals	Change
Adj. EBITDA	**~$1,130**	**$1,113**	**~$20**
One-Time Costs	~(50)	(215)	~165
Interest	~(270)	(252)	~(20)
Taxes	~(60)	(64)	~5
Working Capital / Other	~(10)	(73)	~65
Operating Cash Flow	~740	509	~230
Capital Spending	~(240)	(203)	~(35)
Free Cash Flow	**~$500**	**$306**	**~$195**
Conversion	***~44%***	***28%***	***~16%***
Preferred Dividend	~(75)	(75)	~0
Share Repurchase	~0	(175)	~175
Debt Repayment	~(400)	(500)	~100
Other[1]	~(25)	362	~(385)
Cash Flow	**~$0**	**$(82)**	**~$80**

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See the Appendix for a reconciliation of GAAP to Non-GAAP measures.
[1] Includes costs related to acquisitions and divestitures and change in restricted cash relating to the CPA Global employee benefits payment.
[2]Please refer to slide 16 for the actual outlook ranges.

Financial Objectives



1

Accelerate organic growth to market levels



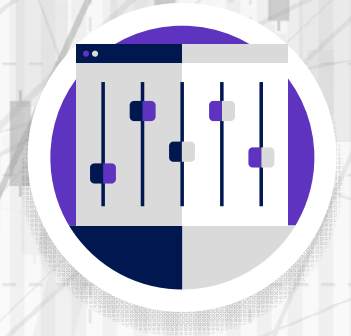
2

Durable margins through the investment cycle



3

Attractive cash flow engine



4

Disciplined capital allocation

Q1 KPIs...

3%	R&A Organic Growth
60bps	Adj. EBITDA Expansion[1]
66%	Free Cash Flow Conversion[1]
$125M	Term Debt Pre-payment

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R&A: Research & Analytics within Academia & Government segment.
[1]See the Appendix for a reconciliation of GAAP to Non-GAAP measures.

4. Q&A Session

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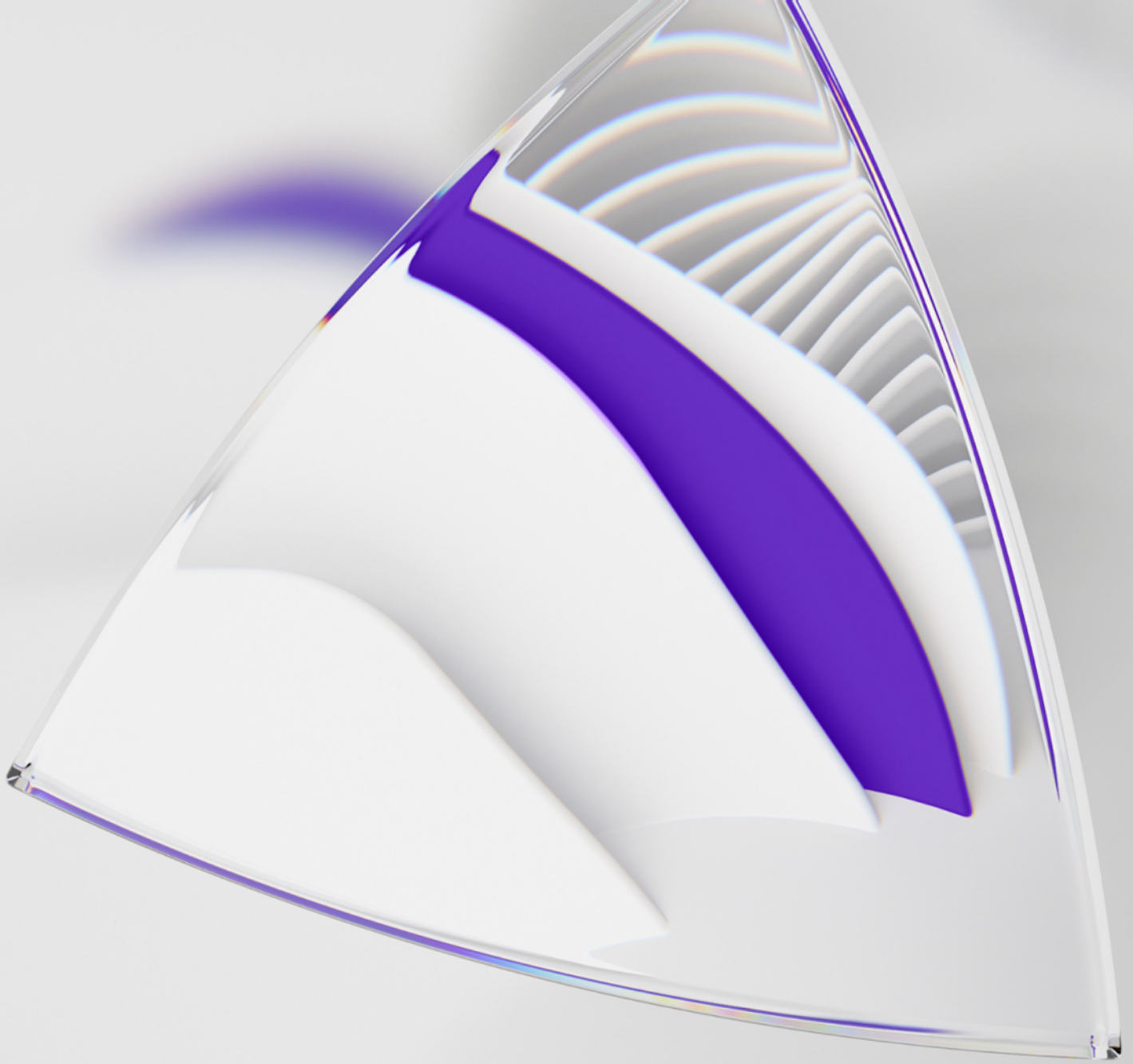
Thank you



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APPENDIX



Presentation of Certain Non-GAAP Financial Measures

This presentation contains financial measures which have not been calculated in accordance with generally accepted accounting principles in the United States of America ("US GAAP"), including Organic/Inorganic Revenues, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Adjusted Diluted EPS and Free Cash Flow because they are a basis upon which our management assesses our performance, and we believe they reflect the underlining trends and indicators of our business.

Organic/Inorganic Revenues

Organic revenues illustrates growth in businesses owned by the Company after twelve months, at constant currency. Inorganic revenues illustrates growth in the business via acquisitions and divestitures.

Adjusted EBITDA

Adjusted EBITDA represents net income (loss) before the provision for income taxes, depreciation and amortization, and interest expense adjusted to exclude acquisition and disposal-related transaction costs, losses on extinguishment of debt, share-based compensation, unrealized foreign currency remeasurement, transformational and restructuring expenses, acquisition-related adjustments to deferred revenues prior to the adoption of FASB ASU No. 2021-08 in 2021, non-operating income or expense, the impact of certain non-cash mark-to-market adjustments on financial instruments, legal settlements, goodwill impairment and other items that are included in net income (loss) 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.

In evaluating Adjusted EBITDA, you should be aware that in the future the Company may incur expenses that are the same as or similar to some of the included adjustments. The Company's presentation of Adjusted EBITDA should not be construed as an inference that the Company's future results will be unaffected by any of the adjusted items, or that the Company's projections and estimates will be realized in their entirety or at all.

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Presentation of Certain Non-GAAP Financial Measures

Adjusted EBITDA

The use of Adjusted EBITDA instead of US GAAP has limitations as an analytical tool, and you should not consider Adjusted EBITDA in isolation, or as a substitute for analysis of the Company's results of operations and operating cash flows as reported under US GAAP. For example, Adjusted EBITDA does not reflect:

- the Company's cash expenditures or future requirements for capital expenditures
- changes in, or cash requirements for, the Company's working capital needs
- interest expense, or the cash requirements necessary to service interest or principal payments, on the Company's debt
- any cash income taxes that the Company may be required to pay
- any cash requirements for replacements of assets that are depreciated or amortized over their estimated useful lives and may have to be replaced in the future
- all non-cash income or expense items that are reflected in the Company's statements of cash flows

The Company's definition of and method of calculating Adjusted EBITDA may vary from the definitions and methods used by other companies when calculating Adjusted EBITDA, which may limit their usefulness as comparative measures.

The Company prepared the information included in this presentation based upon available information and assumptions and estimates that it believes are reasonable. The Company cannot assure you that its estimates and assumptions will prove to be accurate.

Adjusted EBITDA Margin

Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by Revenues, net plus the impact of the deferred revenue purchase accounting adjustments relating to acquisitions prior to 2021.

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Presentation of Certain Non-GAAP Financial Measures

Adjusted Net Income and Adjusted Diluted EPS

We use Adjusted Net Income and Adjusted Diluted Earnings Per Share ("Adjusted Diluted EPS") in our analysis of the financial performance of the Company. We believe Adjusted Net Income and Adjusted Diluted EPS are meaningful measures of the performance of the Company because they adjust for items that do not directly affect our ongoing operating performance in the period.

Adjusted Net Income is calculated using Net income (loss), adjusted to exclude acquisition or disposal-related transaction costs (such costs include net income from continuing operations before the provision for income taxes, depreciation and amortization and interest income and expense from the divested business), amortization related to acquired intangible assets, share-based compensation, mandatory convertible preferred share dividend expense, unrealized foreign currency remeasurement, transformational and restructuring expenses, acquisition-related adjustments to deferred revenues prior to the adoption of FASB ASU No. 2021-08 in 2021, the impact of certain non-cash mark-to-market adjustments on financial instruments, legal settlements, goodwill impairment and other items that are included in net income (loss) 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, and the income tax impact of any adjustments.

We calculate Adjusted Diluted EPS by using Adjusted Net Income divided by diluted weighted average shares for the period.

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 the ability of companies to service their debt. Free Cash Flow is calculated using net cash provided by operating activities, less capital expenditures.

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Reconciliation of Non-GAAP Financial Measures (YTD)

The following table presents the amounts of our subscription, re-occurring, and transactional and other revenues, including as a percentage of our total revenues, for the periods indicated, as well as the drivers of the variances between periods.

			Variance Increase/(Decrease)		Percentage of Factors Increase/(Decrease)			
	Three Months Ended March 31,		Total Variance (Dollars)	Total Variance (Percentage)	Acquisitions	Disposals	FX Impact	Organic
(in millions, except percentages); (unaudited)	2023	2022						
Subscription revenues	$ 393.2	$ 403.8	$ (10.6)	(2.6) %	— %	(4.4) %	(1.3) %	3.1%
Re-occurring revenues	107.7	114.5	(6.8)	(5.9) %	— %	— %	(4.2)%	(1.7)%
Transactional and other revenues	128.2	143.7	(15.5)	(10.8) %	— %	(0.6) %	(1.9)%	(8.3)%
Deferred revenues adjustment	—	0.2	(0.2)	(100.0) %	(100.0) %	— %	— %	—%
Revenues, net	**$ 629.1**	**$ 662.2**	**$ (33.1)**	**(5.0) %**	**— %**	**(2.8) %**	**(1.9) %**	**(0.2) %**

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Reconciliation of Non-GAAP Financial Measures

Net income to Adjusted EBITDA

(in millions, except percentages); (unaudited)	Three Months Ended March 31, 2023	2022
Net income attributable to ordinary shares	**$ 24.7**	**$ 50.8**
Dividends on preferred shares	18.8	18.7
Net income	43.5	69.5
(Benefit) provision for income taxes	(63.6)	16.3
Depreciation and amortization	172.6	176.4
Interest expense and amortization of debt discount, net	73.6	59.5
Deferred revenues adjustment	—	(0.2)
Transaction related costs[1]	1.7	6.7
Share-based compensation expense	41.2	37.0
Restructuring and impairment[2]	9.4	11.7
Mark-to-market loss (gain) on financial instruments[3]	1.1	(100.4)
Other[4]	(26.8)	(14.2)
Adjusted EBITDA	**$ 252.7**	**$ 262.3**
Adjusted EBITDA Margin	**40.2%**	**39.6%**

Descriptions

Adjusted EBITDA adjustments

1. 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.
2. Primarily reflects severance and related benefit costs related to approved restructuring programs.
3. Reflects mark-to-market adjustments on the Private Placement Warrants under ASC 815, Derivatives and Hedging. 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.
4. The current year period primarily includes the gain on legal settlement, which was partially offset by a net loss on foreign exchange re-measurement. The prior year period includes a net gain on foreign exchange re-measurement and other individually insignificant items that do not reflect our ongoing operating performance.

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Reconciliation of Non-GAAP Financial Measures

FY 2022 Net loss to Adjusted EBITDA

(in millions, except percentages); (unaudited)	Year Ended December 31, 2022
Net loss attributable to ordinary shares	**$ (4,035.6)**
Dividends on preferred shares	75.4
Net loss	(3,960.2)
(Benefit) provision for income taxes	(28.9)
Depreciation and amortization	710.5
Interest expense and amortization of debt discount, net	270.3
Deferred revenues adjustment[(1)]	1.0
Transaction related costs[(2)]	14.2
Share-based compensation expense	102.2
Gain on sale of divestitures[(3)]	(278.5)
Restructuring and impairment[(4)]	66.7
Goodwill impairment	4,449.1
Mark-to-market gain on financial instruments[(5)]	(206.8)
Other[(6)]	(26.9)
Adjusted EBITDA	**$ 1,112.7**
Adjusted EBITDA Margin	**41.8%**

Descriptions

Adjusted EBITDA adjustments

1. Reflects the deferred revenues adjustment made as a result of purchase accounting prior to the adoption of ASU No. 2021-08, "Accounting for Contract Assets and Contract Liabilities from Contracts with Customers". This guidance was applied retrospectively to all business combinations for which the acquisition date occurs during or subsequent to 2021.
2. 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.
3. Represents the net gain from the sale of the MarkMonitor Domain Management business.
4. Primarily reflects costs related to restructuring and impairment associated with the One Clarivate and ProQuest restructuring programs.
5. Reflects mark-to-market adjustments on the Private Placement Warrants under ASC 815, Derivatives and Hedging. 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.
6. Primarily reflects 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.

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Reconciliation of Non-GAAP Financial Measures

Net income (loss) and Net income (loss) Per Share to Adjusted Net Income and Adjusted Diluted EPS

(in millions, except per share amounts); (unaudited)	Three Months Ended March 31, 2023 Amount	2023 Per Share	2022 Amount	2022 Per Share
Net income (loss) attributable to ordinary shares, diluted	**$ 24.7**	**$ 0.04**	**$ (44.1)**	**$ (0.06)**
Change in fair value of private placement warrants	—	—	94.9	0.14
Net income attributable to ordinary shares	24.7	0.04	50.8	0.07
Dividends on preferred shares	18.8	0.03	18.7	0.03
Net income	43.5	0.06	69.5	0.10
Deferred revenues adjustment	—	—	(0.2)	—
Transaction related costs[1]	1.7	—	6.7	0.01
Share-based compensation expense	41.2	0.06	37.0	0.05
Amortization related to acquired intangible assets	144.4	0.21	149.7	0.22
Restructuring and impairment[2]	9.4	0.01	11.7	0.02
Mark-to-market (gain) loss on financial instruments[3]	1.1	—	(100.4)	(0.15)
Other[4]	(26.8)	(0.04)	(14.2)	(0.03)
Income tax impact of related adjustments	(83.6)	(0.12)	(4.7)	(0.01)
Adjusted net income and Adjusted Diluted EPS	**$ 130.9**	**$ 0.18**	**$ 155.1**	**$ 0.21**
Adjusted weighted average ordinary shares (Diluted)	734.7		746.3	

Descriptions

Adjusted Net Income and Adjusted Diluted EPS adjustments

1. Includes costs incurred to complete business combination transactions, which was comprised of acquisitions, dispositions and capital market activities, as well as advisory, legal, and other professional and consulting costs.
2. Primarily reflects severance and related benefit costs related to approved restructuring programs.
3. Reflects mark-to-market adjustments on financial instruments under ASC 815, Derivatives and Hedging. 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.
4. The current year period primarily includes the gain on legal settlement, which was partially offset by a net loss on foreign exchange re-measurement. The prior year period includes a net gain on foreign exchange re-measurement and other individually insignificant items that do not reflect our ongoing operating performance.

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Reconciliation of Non-GAAP Financial Measures

Net Cash Provided By Operating Activities to Free Cash Flow

(in millions); (unaudited)	Three Months Ended March 31, 2023	2022
Net cash provided by operating activities	**$ 227.5**	**$ 67.4**
Capital expenditures	(59.3)	(41.4)
Free cash flow	**$ 168.2**	**$ 26.0**

(in millions); (unaudited)	Year Ended December 31, 2022
Net cash provided by operating activities	**$ 509.3**
Capital expenditures	(202.9)
Free cash flow	**$ 306.4**

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Reconciliation of Non-GAAP Financial Measures

The following table presents our calculation of Revenues, net for the FY2023 outlook:

Revenues, net

(in millions, except percentages)	Year Ending December 31,		Variance Increase/(Decrease)		Percentage of Factors Increase/(Decrease)			
	2023 Outlook mid-point	2022	Total Variance (Dollars)	Total Variance (Percentage)	Acquisitions	Disposal	FX Impact	Organic
Revenues, net	$ 2,680	$ 2,660	$ 20	0.8 %	— %	(2.4)%	(0.1)%	3.3 %

The following table presents our calculation of Adjusted EBITDA for the FY2023 outlook and reconciles this measure to our Net loss for the same period:

Adjusted EBITDA

(in millions, except percentages)	Year Ending December 31, 2023 (Forecasted) Low	High
Net loss attributable to ordinary shares	**$(108)**	**$(48)**
Dividends on preferred shares[1]	75	75
Net income (loss)	**(32)**	**28**
(Benefit) provision for income taxes	(10)	(10)
Depreciation and amortization	720	720
Interest expense and amortization of debt discount, net	286	286
Restructuring and impairment[2]	29	29
Transaction related costs	2	2
Mark to market adjustment on financial instruments	1	1
Share-based compensation expense	130	130
Other[3]	(27)	(27)
Adjusted EBITDA	**$ 1,100**	**$ 1,160**
Adjusted EBITDA margin	**42.0 %**	**42.5 %**

Descriptions

1. Dividends on our mandatory convertible preferred shares ("MCPS") are payable quarterly at an annual rate of 5.25% of the liquidation preference of $100 per share. For the purposes of calculating net loss attributable to Clarivate, we have excluded the accrued and anticipated MCPS dividends.
2. Primarily reflects restructuring costs expected to be incurred in 2023 associated with the ProQuest acquisition restructuring program.
3. Primarily includes the gain on legal settlement partially offset by a net loss on foreign exchange re-measurement.

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Reconciliation of Non-GAAP Financial Measures

The following table presents our calculation of Adjusted Diluted EPS for the FY2023 outlook and reconciles this measure to our Net loss per share for the same period:

Net loss Per Fully Diluted Weighted Shares Outstanding to Adjusted Diluted EPS

	Year Ending December 31, 2023 (Forecasted)	
	Low	High
	Per Share	Per Share
Net loss attributable to ordinary shares	**$ (0.15)**	**$ (0.06)**
Dividends on preferred shares[1]	0.10	0.10
Net (loss) income	**(0.04)**	**0.04**
Restructuring and impairment[2]	0.04	0.04
Share-based compensation expense	0.18	0.18
Amortization related to acquired intangible assets	0.77	0.77
Other	(0.04)	(0.03)
Income tax impact of related adjustments	(0.15)	(0.15)
Adjusted Diluted EPS	**$ 0.75**	**$ 0.85**
Weighted-average ordinary shares (Diluted)[3]	740 million	

Descriptions

Adjusted Diluted EPS Adjustments

1. Dividends on our mandatory convertible preferred shares ("MCPS") are payable quarterly at an annual rate of 5.25% of the liquidation preference of $100 per share. For the purposes of calculating net loss attributable to Clarivate, we have excluded the accrued and anticipated MCPS dividends.
2. Primarily reflects restructuring costs expected to be incurred in 2023 associated with the ProQuest acquisition restructuring program.
3. For the purposes of calculating adjusted earnings per share, the Company has excluded the accrued and anticipated MCPS dividends and assumed the "if-converted" method of share dilution.

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Reconciliation of Non-GAAP Financial Measures

The following table presents our calculation of Free cash flow for the FY2023 outlook and reconciles this measure to our Net cash provided by operating activities for the same period:

Net Cash Provided by Operating Activities to Free Cash Flow

(in millions)	Year Ending December 31, 2023 (Forecasted) Low	High
Net cash provided by operating activities	**$ 690**	**$ 790**
Capital expenditures	(240)	(240)
Free cash flow	**$ 450**	**$ 550**

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