

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 10, 2020

LiveRamp Holdings, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)
225 Bush Street, Seventeenth Floor
San Francisco, CA
(Address of Principal Executive Offices)

001-38669

(Commission File Number)

83-1269307

(I.R.S. Employer Identification No.)

94104
(Zip Code)

(866) 352-3267

(Registrant's Telephone Number, Including Area Code)
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$.10 Par Value	RAMP	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Section 2—Financial Information

Item 2.02 Results of Operations and Financial Condition

On August 10, 2020, LiveRamp Holdings, Inc. (the “Company”) issued a press release announcing the results of its financial performance for its first quarter ended June 30, 2020. The Company will hold a conference call at 1:30 PM PST today to further discuss this information. Interested parties are invited to listen to the webcast, which will be broadcast via the Internet at www.liveramp.com. The press release is furnished herewith as Exhibit 99.1 and incorporated by reference herein.

Section 9—Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
99.1	Press Release of the Company dated May 21, 2020
101.sch	XBRL Taxonomy Extension Schema Document
101.cal	XBRL Taxonomy Extension Calculation Linkbase Document
101.def	XBRL Taxonomy Extension Definition Linkbase Document
101.lab	XBRL Taxonomy Extension Label Linkbase Document
101.pre	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURE

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 hereunto duly authorized.

Dated: August 10, 2020

LiveRamp Holdings, Inc.

By: /s/ Jerry C. Jones

Name: Jerry C. Jones

Title: Chief Ethics and Legal Officer & Executive Vice
President

LIVERAMP ANNOUNCES FIRST QUARTER RESULTS

Total Q1 Revenue Up 21% — Subscription Revenue Up 21%

GAAP Operating Loss Improves - First Quarterly Non-GAAP Operating Profit

SAN FRANCISCO, Calif., August 10, 2020—LiveRamp® (NYSE: RAMP), the leading global data connectivity platform, today announced its financial results for the first quarter ended June 30, 2020.

First Quarter Financial Highlights

- Total revenue was \$99 million, up 21% compared to the prior year period.
- Subscription revenue was \$83 million, up 21% compared to the prior year period and contributed 83% of total revenue.
- Marketplace & Other revenue was \$17 million, up 16% compared to the prior year period.
- GAAP gross profit was \$65 million, up 41% compared to the prior year period. GAAP gross margin of 65% expanded 9 percentage points. Non-GAAP gross profit was \$71 million, up 38% compared to the prior year period. Non-GAAP gross margin of 71% expanded 9 percentage points.
- GAAP operating loss was \$26 million compared to a GAAP operating loss of \$48 million in the prior year period. Non-GAAP operating income was \$1 million compared to a non-GAAP operating loss of \$22 million in the prior year period.
- GAAP loss per share was \$0.33, and non-GAAP earnings per share was \$0.01.
- Net cash used in operating activities was \$24 million compared to net cash used by operating activities of \$15 million in the prior year period.
- During the quarter, LiveRamp repurchased 1.3 million shares for \$42 million under the current stock repurchase program. Since inception of the share repurchase program in August 2011, the Company has returned approximately \$1.17 billion in capital to shareholders.

A reconciliation between GAAP and non-GAAP results is provided in the schedules to this press release.

“As COVID-19 forces companies to innovate and transform to drive customer value, data matters more than ever,” said LiveRamp CEO Scott Howe. “Global brands and their partners are turning to LiveRamp to enable their data-driven marketing strategies, and our strong Q1 results reflect this. The Authenticated Traffic Solution (or ATS) is gaining widespread global adoption. During the quarter, we more than tripled our ATS publisher adoption and now work with over 125 publishers worldwide, including 60% of the US Comscore 20 and 50% of the US Comscore 50.”

“Our value proposition is strong and our business durable and recurring,” added LiveRamp President and CFO Warren Jenson. “In Q1, our top-line grew by 21%, and we delivered our first quarterly non-GAAP operating profit. In addition, our Advanced TV business and Safe Haven® are winning globally. TV revenue was up over 50% in the quarter, and Safe Haven bookings, ARR and revenue were all up over 100%.”

GAAP and Non-GAAP Results

The following table summarizes the Company's financial results for its first fiscal quarter (\$ in millions):

	Q1 Fiscal 2021 Results		Q1 Fiscal 2020 Results	
	GAAP	Non-GAAP	GAAP	Non-GAAP
<i>Subscription revenue</i>	\$ 83	—	\$ 68	—
<i>YoY change %</i>	21 %		33 %	
<i>Marketplace & other revenue</i>	\$ 17	—	\$ 14	—
<i>YoY change %</i>	16 %		27 %	
<i>Total revenue</i>	\$ 99	—	\$ 83	—
<i>YoY change %</i>	21 %		32 %	
<i>Gross profit</i>	\$ 65	\$ 71	\$ 46	\$ 51
<i>% Gross margin</i>	65 %	71 %	56 %	62 %
<i>YoY change, pts</i>	9pts	9pts	(6)pts	(10)pts
<i>Operating income (loss)</i>	\$ (26)	\$ 1	\$ (48)	\$ (22)
<i>% Operating margin</i>	(26)%	1 %	(59)%	(27)%
<i>YoY change, pts</i>	32pts	29pts	(11)pts	(18)pts
<i>Net income (loss)</i>	\$ (22)	\$ 1	\$ (42)	\$ (16)
<i>YoY change %</i>	nm	nm	nm	nm
<i>Earnings (loss) per share</i>	\$ (0.33)	\$ 0.01	\$ (0.61)	\$ (0.24)
<i>YoY change %</i>	nm	nm	nm	nm
<i>Shares to Calculate EPS</i>	65.6	67.3	68.9	68.9
<i>YoY change %</i>	(5)%	(5)%	(10)%	(10)%
<i>Net operating cash flow</i>	\$ (24)	—	\$ (15)	—
<i>YoY change %</i>	nm	—	nm	—
<i>Free cash flow to equity</i>	—	\$ (24)	—	\$ (20)
<i>YoY change %</i>	—	nm	—	nm

Totals may not sum due to rounding.

A detailed discussion of our non-GAAP financial measures and a reconciliation between GAAP and non-GAAP results is provided in the schedules to this press release.

Additional Business Metrics & Highlights

- LiveRamp addressability solutions, including ATS, continue to experience strong global adoption. There are currently 20 supply-side platforms (SSPs) live or committed to implementing IdentityLink™ in the bidstream, including OpenX, Index Exchange, PubMatic, Rubicon Project and TripleLift. In addition, there are 40 demand-side platforms (DSPs) live or committed to bid on IdentityLink, including Amobee, Criteo, dataxu, and MediaMath. Lastly, to date, LiveRamp has signed on more than 125 publishers globally for ATS, spanning four continents.
- LiveRamp completed the acquisition of Acuity Data, a team of global retail and consumer packaged goods (CPG) experts, in early July to strengthen the retail analytics capabilities of its Safe Haven platform. These capabilities will enable better reporting, insights, and collaboration for retailers and CPG companies, bridging the gap between trade and media by bringing consumers' digital signals and retail transaction data together in a privacy-conscious manner. Total purchase consideration was immaterial.
- During the first quarter, subscription net retention was approximately 109% and platform net retention was 111%.
- Current remaining performance obligations (RPO), which is contracted and committed revenue expected to be recognized over the next 12 months, was \$223 million, up 33% compared to the first quarter of last year.
- LiveRamp has 60 clients whose subscription contracts exceed \$1 million in annual revenue, up from 45 in the prior year period.
- LiveRamp's direct subscription customer count at quarter end was 780, an increase of 13% year over year. It now serves 22% of the Fortune 500 compared to 20% in the prior year period.

Financial Outlook

Given macro economic uncertainties, LiveRamp is providing second quarter guidance only.

LiveRamp's non-GAAP guidance excludes the impact of non-cash stock compensation, purchased intangible asset amortization, business transformation costs and restructuring charges.

For the second quarter of fiscal 2021, LiveRamp expects to report:

- Revenue of approximately \$100 million, an increase of approximately 11% year-over-year
- GAAP operating loss of up to \$39 million
- Non-GAAP operating loss of up to \$7 million

Conference Call

LiveRamp will hold a conference call at 1:30 p.m. PT today to further discuss this information. Interested parties are invited to listen to the call which will be broadcast via the Internet and can be found on LiveRamp's investor site. A slide presentation will be referenced during the call and can be accessed here.

About LiveRamp

LiveRamp is the leading data connectivity platform for the safe and effective use of data. Powered by core identity capabilities and an unparalleled network, LiveRamp enables companies and their partners to better connect, control, and activate data to transform customer experiences and generate more valuable business outcomes. LiveRamp's fully interoperable and neutral infrastructure delivers end-to-end addressability for the world's top brands, agencies, and publishers. For more information, visit www.LiveRamp.com.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended (the "PSLRA"). These statements, which are not statements of historical fact, may contain estimates, assumptions, projections and/or expectations regarding the Company's financial position, results of operations, market position, product development, growth opportunities, economic conditions, and other similar forecasts and statements of expectation. Forward-looking statements are often identified by words or phrases such as "anticipate," "estimate," "plan," "expect," "believe," "intend," "foresee," or the negative of these terms or other similar variations thereof.

These forward-looking statements are not guarantees of future performance and are subject to a number of factors and uncertainties that could cause the Company's actual results and experiences to differ materially from the anticipated results and expectations expressed in the forward-looking statements.

Among the factors that may cause actual results and expectations to differ from anticipated results and expectations expressed in forward-looking statements are uncertainties related to COVID-19 and the associated impact on our suppliers, customers and partners; the Company's dependence upon customer renewals; new customer additions and upsell within our subscription business; our reliance upon partners, including data suppliers; competition; and attracting and retaining talent. Additional risks relate to maintaining our culture and our ability to innovate and evolve while working remotely and within a rapidly changing industry, while also avoiding disruption from acquisition and divestiture activities. Our international operations are also subject to risks that may harm the Company's business. The risk of a significant breach of the confidentiality of the information or the security of our or our customers', suppliers', or other partners' computer systems could be detrimental to our business, reputation and results of operations. Other business risks include unfavorable publicity and negative public perception about our industry; interruptions or delays in service from data center hosting vendors we rely upon; and our dependence on the continued availability of third-party data hosting and transmission services. Our clients' ability to use data on our platform could be restricted if the industry's use of third-party cookies and tracking technology declines due to technology platform changes, regulation or increased user controls. Changes in regulations relating to information collection and use represents a risk, as well as changes in tax laws and regulations that are applied to our customers which could cause enterprise software budget tightening. In addition, third parties may claim that we are infringing their intellectual property or may infringe our intellectual property which could result in competitive injury and / or the incurrence of significant costs and draining of our resources.

For a discussion of these and other risks and uncertainties, please refer to LiveRamp's Annual Report on Form 10-K for our fiscal year 2020 ended March 31, 2020, and LiveRamp's Quarterly Reports on Form 10-Q issued in fiscal year 2021.

The financial information set forth in this press release reflects estimates based on information available at this time.

LiveRamp assumes no obligation and does not currently intend to update these forward-looking statements.

To automatically receive LiveRamp financial news by email, please visit www.LiveRamp.com and subscribe to email alerts.

For more information, contact:
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ERAMP

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LIVERAMP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in thousands, except per share amounts)

	For the three months ended June 30,			
	2020	2019	\$ Variance	% Variance
Revenues	99,437	82,511	16,926	20.5 %
Cost of revenue	34,465	36,426	(1,961)	(5.4) %
Gross profit	64,972	46,085	18,887	41.0 %
% Gross margin	65.3 %	55.9 %		
Operating expenses:				
Research and development	26,989	23,722	3,267	13.8 %
Sales and marketing	38,627	43,144	(4,517)	(10.5) %
General and administrative	23,368	25,318	(1,950)	(7.7) %
Gains, losses and other items, net	1,995	2,276	(281)	(12.3) %
Total operating expenses	90,979	94,460	(3,481)	(3.7) %
Loss from operations	(26,007)	(48,375)	22,368	46.2 %
% Margin	(26.2) %	(58.6) %		
Total other income	463	5,882	(5,419)	(92.1) %
Loss from operations before income taxes	(25,544)	(42,493)	16,949	39.9 %
Income tax benefit	(3,816)	(353)	(3,463)	(981.0) %
Net loss	(21,728)	(42,140)	20,412	48.4 %
Basic loss per share	(0.33)	(0.61)	0.28	45.8 %
Diluted loss per share	(0.33)	(0.61)	0.28	45.8 %
Basic weighted average shares	65,570	68,906		
Diluted weighted average shares	65,570	68,906		

LIVERAMP HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP EPS (1)

(Unaudited)

(Dollars in thousands, except per share amounts)

	For the three months ended June 30,	
	2020	2019
Loss from operations before income taxes	(25,544)	(42,493)
Income taxes (benefit)	(3,816)	(353)
Net loss	<u>(21,728)</u>	<u>(42,140)</u>
Loss per share:		
Basic	<u>(0.33)</u>	<u>(0.61)</u>
Diluted	<u>(0.33)</u>	<u>(0.61)</u>
Excluded items:		
Purchased intangible asset amortization (cost of revenue)	5,306	3,123
Non-cash stock compensation (cost of revenue and operating expenses)	16,485	18,630
Accelerated depreciation (cost of revenue and operating expenses)	0	1,906
Restructuring and merger charges (gains, losses, and other)	1,995	2,276
Transformation costs (general and administrative)	3,605	0
Total excluded items	<u>27,391</u>	<u>25,935</u>
Income (loss) from operations before income taxes and excluding items	1,847	(16,558)
Income taxes (benefit) (2)	934	(216)
Non-GAAP net earning (loss)	<u>913</u>	<u>(16,342)</u>
Non-GAAP loss per share:		
Basic	<u>0.01</u>	<u>(0.24)</u>
Diluted	<u>0.01</u>	<u>(0.24)</u>
Basic weighted average shares	65,570	68,906
Diluted weighted average shares	67,337	68,906

(1) This presentation includes non-GAAP measures. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures, and should be read only in conjunction with our condensed consolidated financial statements prepared in accordance with GAAP. For a detailed explanation of the adjustments made to comparable GAAP measures, the reasons why management uses these measures and the material limitations on the usefulness of these measures, please see Appendix A.

(2) Income taxes were calculated using an effective non-GAAP tax rate of 50.5% and 1.3% in the first quarter of fiscal 2021 and 2020. The difference between our GAAP and non-GAAP tax rates were primarily due to the net tax effects of the excluded items.

LIVERAMP HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP LOSS FROM OPERATIONS (1)
(Unaudited)
(Dollars in thousands)

	For the three months ended June 30,	
	2020	2019
Loss from operations	(26,007)	(48,375)
Excluded items:		
Purchased intangible asset amortization (cost of revenue)	5,306	3,123
Non-cash stock compensation (cost of revenue and operating expenses)	16,485	18,630
Accelerated depreciation (cost of revenue and operating expenses)	—	1,906
Restructuring and merger charges (gains, losses, and other)	1,995	2,276
Transformation costs (general and administrative)	3,605	—
Total excluded items	27,391	25,935
Income (loss) from operations before excluded items	1,384	(22,440)

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LIVERAMP HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF ADJUSTED EBITDA (1)
(Unaudited)
(Dollars in thousands)

	For the three months ended June 30,	
	2020	2019
Net loss from operations	(21,728)	(42,140)
Income taxes (benefit)	(3,816)	(353)
Other income	(463)	(5,882)
Loss from operations	(26,007)	(48,375)
Depreciation and amortization	8,054	8,877
EBITDA	(17,953)	(39,498)
Other adjustments:		
Non-cash stock compensation (cost of revenue and operating expenses)	16,485	18,630
Restructuring and merger charges (gains, losses, and other)	1,995	2,276
Transformation costs (general and administrative)	3,605	—
Other adjustments	22,085	20,906
Adjusted EBITDA	4,132	(18,592)

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LIVERAMP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	June 30, 2020	March 31, 2020	\$ Variance	% Variance
Assets				
Current assets:				
Cash and cash equivalents	649,895	717,811	(67,916)	(9.5) %
Restricted cash	14,815	14,815	—	— %
Trade accounts receivable, net	96,472	92,761	3,711	4.0 %
Refundable income taxes	39,776	38,340	1,436	3.7 %
Other current assets	24,314	32,666	(8,352)	(25.6) %
Total current assets	<u>825,272</u>	<u>896,393</u>	<u>(71,121)</u>	<u>(7.9) %</u>
Property and equipment	45,077	44,786	291	0.6 %
Less - accumulated depreciation and amortization	<u>27,969</u>	<u>25,465</u>	<u>2,504</u>	<u>9.8 %</u>
Property and equipment, net	<u>17,108</u>	<u>19,321</u>	<u>(2,213)</u>	<u>(11.5) %</u>
Intangible assets, net	39,915	45,200	(5,285)	(11.7) %
Goodwill	298,389	297,796	593	0.2 %
Deferred commissions, net	17,695	16,014	1,681	10.5 %
Other assets, net	<u>35,552</u>	<u>27,165</u>	<u>8,387</u>	<u>30.9 %</u>
	<u>1,233,931</u>	<u>1,301,889</u>	<u>(67,958)</u>	<u>(5.2) %</u>
Liabilities and Stockholders' Equity				
Current liabilities:				
Trade accounts payable	38,380	42,204	(3,824)	(9.1) %
Accrued payroll and related expenses	16,727	28,791	(12,064)	(41.9) %
Other accrued expenses	50,024	68,991	(18,967)	(27.5) %
Acquisition escrow payable	14,815	14,815	—	— %
Deferred revenue	5,938	6,581	(643)	(9.8) %
Total current liabilities	<u>125,884</u>	<u>161,382</u>	<u>(35,498)</u>	<u>(22.0) %</u>
Other liabilities	49,758	52,995	(3,237)	(6.1) %
Stockholders' equity:				
Preferred stock	—	—	—	— %
Common stock	14,525	14,394	131	0.9 %
Additional paid-in capital	1,532,481	1,496,565	35,916	2.4 %
Retained earnings	1,523,366	1,545,094	(21,728)	(1.4) %
Accumulated other comprehensive income	6,342	5,745	597	10.4 %
Treasury stock, at cost	<u>(2,018,425)</u>	<u>(1,974,286)</u>	<u>(44,139)</u>	<u>2.2 %</u>
Total stockholders' equity	<u>1,058,289</u>	<u>1,087,512</u>	<u>(29,223)</u>	<u>(2.7) %</u>
	<u>1,233,931</u>	<u>1,301,889</u>	<u>(67,958)</u>	<u>(5.2) %</u>

LIVERAMP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

	For the three months ended June 30,	
	2020	2019
Cash flows from operating activities:		
Net loss	(21,728)	(42,140)
Non-cash operating activities:		
Depreciation and amortization	8,054	8,877
Loss on disposal or impairment of assets	2	85
Provision for doubtful accounts	1,330	962
Deferred income taxes	(672)	7
Non-cash stock compensation expense	16,485	18,630
Changes in operating assets and liabilities:		
Accounts receivable, net	(5,860)	(3,451)
Deferred commissions	(1,681)	174
Other assets	4,904	3,600
Accounts payable and other liabilities	(22,684)	(188)
Income taxes, net	(1,105)	(863)
Deferred revenue	(657)	(1,101)
Net cash used in operating activities	(23,612)	(15,408)
Cash flows from investing activities:		
Capital expenditures	(832)	(4,888)
Cash paid in acquisitions, net of cash received	—	(4,479)
Payments for investments	(667)	—
Net cash used in investing activities	(1,499)	(9,367)
Cash flows from financing activities:		
Proceeds related to the issuance of common stock under stock and employee benefit plans	1,137	1,060
Shares repurchased for tax withholdings upon vesting of stock-based awards	(1,827)	(12,093)
Acquisition of treasury stock	(42,312)	(20,099)
Net cash used in financing activities	(43,002)	(31,132)
Effect of exchange rate changes on cash	197	(89)
Net change in cash, cash equivalents and restricted cash	(67,916)	(55,996)
Cash, cash equivalents and restricted cash at beginning of period	732,626	1,061,473
Cash, cash equivalents and restricted cash at end of period	664,710	1,005,477
Supplemental cash flow information:		
Cash paid (received) for income taxes	(2,041)	110

LIVERAMP HOLDINGS, INC AND SUBSIDIARIES
CALCULATION OF FREE CASH FLOW TO EQUITY (1)
(Unaudited)
(Dollars in thousands)

	<u>6/30/2019</u>	<u>9/30/2019</u>	<u>12/31/2019</u>	<u>3/31/2020</u>	<u>FY2020</u>	<u>6/30/2020</u>
Net Cash Provided by (Used in) Operating Activities	\$ (15,408)	\$ (28,751)	\$ 15,804	\$ (220)	\$ (28,575)	\$ (23,612)
Less:						
Capital expenditures	<u>(4,888)</u>	<u>(2,641)</u>	<u>(2,773)</u>	<u>(1,409)</u>	<u>(11,711)</u>	<u>(832)</u>
Free Cash Flow to Equity	<u>\$ (20,296)</u>	<u>\$ (31,392)</u>	<u>\$ 13,031</u>	<u>\$ (1,629)</u>	<u>\$ (40,286)</u>	<u>\$ (24,444)</u>

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LIVERAMP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in thousands, except per share amounts)

	6/30/2019	9/30/2019	12/31/2019	3/31/2020	FY2020	6/30/2020	Q1 FY21 to Q1 FY20	
							%	\$
Revenues	82,511	90,143	102,217	105,701	380,572	99,437	20.5 %	16,926
Cost of revenue	36,426	41,460	37,966	36,852	152,704	34,465	(5.4) %	(1,961)
Gross profit	46,085	48,683	64,251	68,849	227,868	64,972	41.0 %	18,887
% Gross margin	55.9 %	54.0 %	62.9 %	65.1 %	59.9 %	65.3 %		
Operating expenses								
Research and development	23,722	26,445	27,403	28,411	105,981	26,989	13.8 %	3,267
Sales and marketing	43,144	45,204	51,993	48,564	188,905	38,627	(10.5) %	(4,517)
General and administrative	25,318	27,262	26,107	30,216	108,903	23,368	(7.7) %	(1,950)
Gains, losses and other items, net	2,276	45	233	2,447	5,001	1,995	(12.3) %	(281)
Total operating expenses	94,460	98,956	105,736	109,638	408,790	90,979	(3.7) %	(3,481)
Loss from operations	(48,375)	(50,273)	(41,485)	(40,789)	(180,922)	(26,007)	46.2 %	22,368
Total other income	5,882	4,780	3,158	1,565	15,385	463	(92.1) %	(5,419)
Loss from continuing operations before income taxes	(42,493)	(45,493)	(38,327)	(39,224)	(165,537)	(25,544)	39.9 %	16,949
Income taxes (benefit)	(353)	(5,291)	(287)	(34,345)	(40,276)	(3,816)	(981.0) %	(3,463)
Net loss from continuing operations	(42,140)	(40,202)	(38,040)	(4,879)	(125,261)	(21,728)	48.4 %	20,412

LIVERAMP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Continued)
(Unaudited)
(Dollars in thousands, except per share amounts)

						6/30/2020	Q1 FY21 to Q1 FY20	
	6/30/2019	9/30/2019	12/31/2019	3/31/2020	FY2020		%	\$
Earnings from discontinued operations, net of tax	—	—	—	750	750	—	— %	—
Net loss	\$ (42,140)	\$ (40,202)	\$ (38,040)	\$ (4,129)	\$ (124,511)	\$ (21,728)	48.4 %	20,412
Diluted loss per share	(0.61)	(0.59)	(0.56)	(0.06)	(1.84)	(0.33)	45.8 %	0.28
Diluted loss per share from continuing operations	(0.61)	(0.59)	(0.56)	(0.07)	(1.85)	(0.33)	45.8 %	0.28

Some earnings (loss) per share amounts may not add due to rounding.

LIVERAMP HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP EPS (1)
(Unaudited)
(Dollars in thousands, except per share amounts)

	6/30/2019	9/30/2019	12/31/2019	3/31/2020	FY2020	6/30/2020
Loss from continuing operations before income taxes	\$ (42,493)	\$ (45,493)	\$ (38,327)	\$ (39,224)	\$ (165,537)	\$ (25,544)
Income taxes (benefit)	(353)	(5,291)	(287)	(34,345)	(40,276)	(3,816)
Net loss from continuing operations	(42,140)	(40,202)	(38,040)	(4,879)	(125,261)	(21,728)
Earnings from discontinued operations, net of tax	—	—	—	750	750	—
Net loss	<u>\$ (42,140)</u>	<u>\$ (40,202)</u>	<u>\$ (38,040)</u>	<u>\$ (4,129)</u>	<u>\$ (124,511)</u>	<u>\$ (21,728)</u>
Loss per share:						
Basic	<u>\$ (0.61)</u>	<u>\$ (0.59)</u>	<u>\$ (0.56)</u>	<u>\$ (0.06)</u>	<u>\$ (1.84)</u>	<u>\$ (0.33)</u>
Diluted	<u>\$ (0.61)</u>	<u>\$ (0.59)</u>	<u>\$ (0.56)</u>	<u>\$ (0.06)</u>	<u>\$ (1.84)</u>	<u>\$ (0.33)</u>
Excluded items:						
Purchased intangible asset amortization (cost of revenue)	\$ 3,123	\$ 5,369	\$ 5,369	\$ 5,181	\$ 19,042	\$ 5,306
Non-cash stock compensation (cost of revenue and operating expenses)	18,630	23,354	30,295	17,168	89,447	16,485
Accelerated amortization (cost of revenue and operating expenses)	1,906	1,663	—	—	3,569	—
Restructuring and merger charges (gains, losses, and other)	2,276	45	233	2,447	5,001	1,995
Transformation costs (general and administrative)	—	—	—	—	—	3,605
Total excluded items, continuing operations	<u>25,935</u>	<u>30,431</u>	<u>35,897</u>	<u>24,796</u>	<u>117,059</u>	<u>27,391</u>

LIVERAMP HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP EPS (1) (Continued)

(Unaudited)

(Dollars in thousands, except per share amounts)

	6/30/2019	9/30/2019	12/31/2019	3/31/2020	FY2020	6/30/2020
Income (Loss) from continuing operations before income taxes and excluding items	\$ (16,558)	\$ (15,062)	\$ (2,430)	\$ (14,428)	\$ (48,478)	\$ 1,847
Income taxes (benefit)	(216)	190	(227)	(11,199)	(11,452)	934
Non-GAAP net earnings (loss) from continuing operations	<u>\$ (16,342)</u>	<u>\$ (15,252)</u>	<u>\$ (2,203)</u>	<u>\$ (3,229)</u>	<u>\$ (37,026)</u>	<u>\$ 913</u>
Non-GAAP earnings (loss) per share from continuing operations:						
Basic	<u>\$ (0.24)</u>	<u>\$ (0.23)</u>	<u>\$ (0.03)</u>	<u>\$ (0.05)</u>	<u>\$ (0.55)</u>	<u>\$ 0.01</u>
Diluted	<u>\$ (0.24)</u>	<u>\$ (0.23)</u>	<u>\$ (0.03)</u>	<u>\$ (0.05)</u>	<u>\$ (0.55)</u>	<u>\$ 0.01</u>
Basic weighted average shares	68,906	67,684	67,473	66,977	67,760	65,570
Diluted weighted average shares	68,906	67,684	67,473	66,977	67,760	67,337

Some totals may not add due to rounding

(1) This presentation includes non-GAAP measures. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures, and should be read only in conjunction with our condensed consolidated financial statements prepared in accordance with GAAP. For a detailed explanation of the adjustments made to comparable GAAP measures, the reasons why management uses these measures and the material limitations on the usefulness of these measures, please see Appendix A.

LIVERAMP HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP EXPENSES (1)
(Unaudited)
(Dollars in thousands)

	6/30/2019	9/30/2019	12/31/2019	3/31/2020	FY2020	6/30/2020
Expenses, continuing operations:						
Cost of revenue	\$ 36,426	\$ 41,460	\$ 37,966	\$ 36,852	\$ 152,704	\$ 34,465
Research and development	23,722	26,445	27,403	28,411	105,981	26,989
Sales and marketing	43,144	45,204	51,993	48,564	188,905	38,627
General and administrative	25,318	27,262	26,107	30,216	108,903	23,368
Gains, losses and other items, net	2,276	45	233	2,447	5,001	1,995
Gross profit, continuing operations:	46,085	48,683	64,251	68,849	227,868	64,972
% Gross margin	55.9 %	54.0 %	62.9 %	65.1 %	59.9 %	65.3 %
Excluded items:						
Purchased intangible asset amortization (cost of revenue)	3,123	5,369	5,369	5,181	19,042	5,306
Non-cash stock compensation (cost of revenue)	755	1,060	1,028	926	3,769	775
Non-cash stock compensation (research and development)	4,451	6,346	6,462	6,001	23,260	5,886
Non-cash stock compensation (sales and marketing)	8,920	9,758	15,670	3,678	38,026	7,123
Non-cash stock compensation (general and administrative)	4,504	6,190	7,135	6,563	24,392	2,701
Accelerated depreciation (cost of revenue)	1,487	1,245	—	—	2,732	—
Accelerated depreciation (general and administrative)	419	418	—	—	837	—
Restructuring and merger charges (gains, losses, and other)	2,276	45	233	2,447	5,001	1,995
Transformation costs (general and administrative)	—	—	—	—	—	3,605
Total excluded items	\$ 25,935	\$ 30,431	\$ 35,897	\$ 24,796	\$ 117,059	\$ 27,391

LIVERAMP HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP EXPENSES (1) (Continued)
(Unaudited)
(Dollars in thousands)

	6/30/2019	9/30/2019	12/31/2019	3/31/2020	FY2020	6/30/2020
Expenses, continued operations excluding items:						
Cost of revenue	\$ 31,061	\$ 33,786	\$ 31,569	\$ 30,745	\$ 127,161	\$ 28,384
Research and development	19,271	20,099	20,941	22,410	82,721	21,103
Sales and marketing	34,224	35,446	36,323	44,886	150,879	31,504
General and administrative	20,395	20,654	18,972	23,653	83,674	17,062
Gains, losses and other items, net	—	—	—	—	—	—
Gross profit, continuing operations excluding items:	51,450	56,357	70,648	74,956	253,411	71,053
% Gross margin	62.4 %	62.5 %	69.1 %	70.9 %	66.6 %	71.5 %

(1) This presentation includes non-GAAP measures. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures, and should be read only in conjunction with our condensed consolidated financial statements prepared in accordance with GAAP. For a detailed explanation of the adjustments made to comparable GAAP measures, the reasons why management uses these measures, the usefulness of these measures and the material limitations on the usefulness of these measures, please see Appendix A.

LIVERAMP HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP OPERATING LOSS GUIDANCE (1)
(Unaudited)
(Dollars in thousands)

	For the quarter ending September 30, 2020
GAAP loss from operations	(39,000)
Excluded items:	
Purchased intangible asset amortization	5,000
Non-cash stock compensation	25,000
Restructuring and transformation costs	2,000
Total excluded items	32,000
Non-GAAP loss from operations	(7,000)

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LIVERAMP HOLDINGS, INC. AND SUBSIDIARIES
Q1 FISCAL 2021 FINANCIAL RESULTS
EXPLANATION OF NON-GAAP MEASURES AND OTHER KEY METRICS

To supplement our financial results, we use non-GAAP measures which exclude certain acquisition related expenses, non-cash stock compensation and restructuring charges. We believe these measures are helpful in understanding our past performance and our future results. Our non-GAAP financial measures and schedules are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated GAAP financial statements. Our management regularly uses these non-GAAP financial measures internally to understand, manage and evaluate our business and to make operating decisions. These measures are among the primary factors management uses in planning for and forecasting future periods. Compensation of our executives is also based in part on the performance of our business based on these non-GAAP measures.

Our non-GAAP financial measures, including non-GAAP earnings per share, income from operations and adjusted EBITDA reflect adjustments based on the following items, as well as the related income tax effects when applicable:

Purchased intangible asset amortization: We incur amortization of purchased intangibles in connection with our acquisitions. Purchased intangibles include (i) developed technology, (ii) customer and publisher relationships, and (iii) trade names. We expect to amortize for accounting purposes the fair value of the purchased intangibles based on the pattern in which the economic benefits of the intangible assets will be consumed as revenue is generated. Although the intangible assets generate revenue for us, we exclude this item because this expense is non-cash in nature and because we believe the non-GAAP financial measures excluding this item provide meaningful supplemental information regarding our operational performance.

Non-cash stock compensation: Non-cash stock compensation consists of charges for associate restricted stock units, performance shares and stock options in accordance with current GAAP related to stock-based compensation including expense associated with stock-based compensation related to unvested options assumed in connection with our acquisitions. As we apply stock-based compensation standards, we believe that it is useful to investors to understand the impact of the application of these standards to our operational performance. Although stock-based compensation expense is calculated in accordance with current GAAP and constitutes an ongoing and recurring expense, such expense is excluded from non-GAAP results because it is not an expense that typically requires or will require cash settlement by us and because such expense is not used by us to assess the core profitability of our business operations.

Restructuring charges: During the past several years, we have initiated certain restructuring activities in order to align our costs in connection with both our operating plans and our business strategies based on then-current economic conditions. As a result, we recognized costs related to termination benefits for associates whose positions were eliminated, lease and other contract termination charges, and leasehold improvement write offs. These items, reported as gains, losses, and other items, net, are excluded from non-GAAP results because such amounts are not used by us to assess the core profitability of our business operations.

Transformation costs: In previous years, we incurred significant expenses to separate the financial statements of our operating segments, with particular focus on segment-level balance sheets, and to evaluate portfolio priorities. Our criteria for excluding transformation expenses from our non-GAAP measures is as follows: 1) projects are discrete in nature; 2) excluded expenses consist only of third-party consulting fees that we would not incur otherwise; and 3) we do not exclude employee related expenses or other costs associated with the ongoing operations of our business. We substantially completed those projects during the third quarter of fiscal year 2018. Beginning in the fourth quarter of fiscal 2018, and through most of fiscal 2019, we incurred transaction support expenses and system separation costs related to the Company's announced evaluation of strategic options for its Marketing Solutions (AMS) business. Beginning in the first quarter of fiscal 2021 in response to the potential COVID-19 pandemic impact on our business, we incurred significant costs associated with the assessment of strategic and operating plans, including our long-term location strategy, and assistance in implementing the restructuring activities as a result of this assessment. Our criteria for excluding these costs are the same. We believe excluding these items from our non-GAAP financial measures is useful for investors and provides meaningful supplemental information.

Accelerated depreciation: In the prior year we excluded depreciation costs associated with the reduced useful life of certain IT equipment in connection with the Company's migration to a cloud-based data center solution. This migration was part of our AMS separation strategy. These costs are excluded from our non-GAAP results because of the short-term nature of the incremental expenses and such amounts are not used by us to assess the core profitability of our business operations.

Our non-GAAP financial schedules are:

Non-GAAP EPS, Non-GAAP Income from Operations, and Non-GAAP expenses: Our Non-GAAP earnings per share, Non-GAAP income from operations, and Non-GAAP expenses reflect adjustments as described above, as well as the related tax effects where applicable.

Adjusted EBITDA: Adjusted EBITDA is defined as net income from continuing operations before income taxes, other expenses, depreciation and amortization, and including adjustments as described above. We use Adjusted EBITDA to measure our performance from period to period both at the consolidated level as well as within our operating segments and to compare our results to those of our competitors. We believe that the inclusion of Adjusted EBITDA provides useful supplementary information to and facilitates analysis by investors in evaluating the Company's performance and trends. The presentation of Adjusted EBITDA is not meant to be considered in isolation or as an alternative to net earnings as an indicator of our performance.

Free Cash Flow to Equity: To supplement our statement of cash flows, we use a non-GAAP measure of cash flow to analyze cash flows generated from operations. Free cash flow to equity is defined as operating cash flow less cash used by investing activities (excluding the impact of cash paid in acquisitions), less required payments of debt, and excluding the impact of discontinued operations. Management believes that this measure of cash flow is meaningful since it represents the amount of money available from continuing operations for the Company's discretionary spending after funding all required obligations including scheduled debt payments. The presentation of non-GAAP free cash flow to equity is not meant to be considered in isolation or as an alternative to cash flows from operating activities as a measure of liquidity.