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

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2022

OR

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

For the transition period from to

Commission file number 001-33508

EDGIO, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**20-1677033**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

2220 W. 14th Street,
Tempe, AZ 85281
(Address of principal executive offices, including Zip Code)

(602) 850-5000
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	EGIO	Nasdaq

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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 Exchange Act). Yes ☐ No ☑

The number of shares outstanding of the registrant's Common Stock, par value $0.001 per share, as of August 4, 2022: 219,713,284 shares.

EDGIO, INC.
FORM 10-Q
Quarterly Period Ended June 30, 2022
TABLE OF CONTENTS

		Page
Note Regarding Forward-Looking Statements		3
PART I. FINANCIAL INFORMATION		
Item 1.	FINANCIAL STATEMENTS	
	Consolidated Balance Sheets as of June 30, 2022 (Unaudited) and December 31, 2021	5
	Unaudited Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2022 and 2021	6
	Unaudited Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended June 30, 2022 and 2021	7
	Unaudited Consolidated Statements of Stockholders' Equity for the Three and Six Months Ended June 30, 2022 and 2021	8
	Unaudited Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2022 and 2021	10
	Notes to Unaudited Consolidated Financial Statements	11
Item 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	29
Item 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	39
Item 4.	CONTROLS AND PROCEDURES	40
PART II. OTHER INFORMATION		
Item 1.	LEGAL PROCEEDINGS	42
Item 1A.	RISK FACTORS	42
Item 2.	UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	58
Item 3.	DEFAULTS UPON SENIOR SECURITIES	58
Item 4.	MINE SAFETY DISCLOSURES	58
Item 5.	OTHER INFORMATION	58
Item 6.	EXHIBITS	59
	SIGNATURES	61

Special Note Regarding Forward-Looking Statement

On June 15, 2022, we changed our corporate name from Limelight Networks, Inc. to Edgio, Inc. (“Edgio”). We will not distinguish between our prior and current corporate name and will refer to our current corporate name throughout this Quarterly Report on Form 10-Q. Beginning on June 15, 2022, our common stock is traded on the Nasdaq Global Select Market (the “Nasdaq”) under the ticker symbol "EGIO".

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements contained in this Quarterly Report on Form 10-Q, other than statements of historical fact, are forward-looking statements. Forward-looking statements generally can be identified by the words “may,” “will,” “expect,” “believe,” “anticipate,” “intend,” “could,” “estimate,” or “continue,” and similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events, as well as trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These statements include, among other things:

- our beliefs regarding delivery traffic growth trends and demand for digital content and edge services;
- our expectations regarding revenue, costs, expenses, gross margin, non-generally accepted accounting principles (“Non-GAAP”) earnings per share, Adjusted EBITDA and capital expenditures;
- our plans regarding investing in our content delivery network and Application Operations (“AppOps”), our coordinated complete solution to deliver instant, secure website applications, as well as other products and technologies;
- our beliefs regarding the competition within the digital edge platform industry;
- our beliefs regarding the growth of our business and how that impacts our liquidity and capital resources requirements;
- our expectations regarding headcount and our ability to recruit personnel;
- the impact of certain new accounting standards and guidance as well as the time and cost of continued compliance with existing rules and standards;
- our plans with respect to investments in marketable securities;
- our expectations and strategies regarding acquisitions;
- our expectations regarding litigation and other pending or potential disputes;
- our estimations regarding taxes and belief regarding our tax reserves;
- our beliefs regarding the use of Non-GAAP financial measures;
- our approach to identifying, attracting and keeping new and existing clients, our focus on core market growth segments where we have a right-to-win, as well as our expectations regarding client turnover;
- the sufficiency of our sources of funding;
- the sufficiency of our facilities to meet our needs;
- our beliefs regarding our interest rate risk;
- our beliefs regarding inflation risks;
- our beliefs regarding expense and productivity of and competition for our sales force;
- our beliefs regarding the significance of our large clients; and
- our beliefs regarding the impact of health epidemics and pandemics, including the outbreak of COVID-19, on our current and potential clients, and our balance sheet, financial condition, and results of operations.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described under the caption “Risk Factors” in Part II, Item 1A in this Quarterly Report on Form 10-Q and those discussed in other documents we file with the Securities and Exchange Commission (the “SEC”).

In addition, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

The forward-looking statements contained herein are based on our current expectations and assumptions and on information available as of the date of the filing of this Quarterly Report on Form 10-Q. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Unless expressly indicated or the context requires otherwise, the terms "Edgio," "we," "us," and "our" in this document refer to Edgio, Inc., a Delaware corporation, and, where appropriate, its wholly owned subsidiaries. All information is presented in thousands, except per share amounts, client count, headcount and where specifically noted.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Edgio, Inc.
Consolidated Balance Sheets
(In thousands, except per share data)

	June 30, 2022 (Unaudited)	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 55,175	$ 41,918
Marketable securities	22,158	37,367
Accounts receivable, net	108,445	42,217
Income taxes receivable	58	61
Prepaid expenses and other current assets	32,107	13,036
Total current assets	217,943	134,599
Property and equipment, net	106,059	33,622
Operating lease right of use assets	7,124	6,338
Marketable securities, less current portion	40	40
Deferred income taxes	2,866	1,893
Goodwill	163,489	114,511
Intangible assets, net	72,655	14,613
Other assets	7,334	5,485
Total assets	$ 577,510	$ 311,101
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Accounts payable	$ 19,800	$ 11,631
Deferred revenue	4,790	3,266
Operating lease liability obligations	4,755	1,861
Income taxes payable	262	873
Other current liabilities	75,391	19,292
Total current liabilities	104,998	36,923
Convertible senior notes, net	122,202	121,782
Operating lease liability obligations, less current portion	11,352	9,616
Deferred income taxes	100	308
Deferred revenue, less current portion	1,530	116
Other long-term liabilities	716	777
Total liabilities	240,898	169,522
Commitments and contingencies		
Stockholders’ equity:		
Convertible preferred stock, $0.001 par value; 7,500 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.001 par value; 300,000 shares authorized; 219,706 and 134,337 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	220	134
Common stock contingent consideration	16,900	—
Additional paid-in capital	793,522	576,807
Accumulated other comprehensive loss	(11,413)	(8,345)
Accumulated deficit	(462,617)	(427,017)
Total stockholders’ equity	336,612	141,579
Total liabilities and stockholders’ equity	$ 577,510	$ 311,101

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Edgio, Inc.
Unaudited Consolidated Statements of Operations
(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	$ 74,312	$ 48,348	$ 132,270	$ 99,543
Cost of revenue:				
Cost of services (1)	46,088	32,976	81,157	66,021
Depreciation — network	5,903	5,929	10,992	11,608
Total cost of revenue	51,991	38,905	92,149	77,629
Gross profit	22,321	9,443	40,121	21,914
Operating expenses:				
General and administrative	26,927	7,515	42,760	20,412
Sales and marketing	10,946	5,784	18,573	15,631
Research and development	12,161	5,187	21,738	11,315
Depreciation and amortization	1,508	549	2,540	1,089
Restructuring charges	4,368	2,155	5,066	9,028
Total operating expenses	55,910	21,190	90,677	57,475
Operating loss	(33,589)	(11,747)	(50,556)	(35,561)
Other income (expense):				
Interest expense	(1,315)	(1,305)	(2,628)	(2,591)
Interest income	33	42	60	87
Other, net	(1,146)	(440)	(1,859)	(655)
Total other expense	(2,428)	(1,703)	(4,427)	(3,159)
Loss before income taxes	(36,017)	(13,450)	(54,983)	(38,720)
Income tax (benefit) expense	(19,589)	248	(19,383)	507
Net loss	$ (16,428)	$ (13,698)	$ (35,600)	$ (39,227)
Net loss per share:				
Basic	$ (0.11)	$ (0.11)	$ (0.25)	$ (0.31)
Diluted	$ (0.11)	$ (0.11)	$ (0.25)	$ (0.31)
Weighted average shares used in per share calculation:				
Basic	151,776	126,050	143,652	125,170
Diluted	151,776	126,050	143,652	125,170

(1) Cost of services excludes amortization related to intangibles, including technology, customer relationships, and trade names, which are included in depreciation and amortization

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Edgio, Inc.
Unaudited Consolidated Statements of Comprehensive Loss
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net loss	$ (16,428)	$ (13,698)	$ (35,600)	$ (39,227)
Other comprehensive (loss) income, net of tax:				
Unrealized gain (loss) on investments	55	18	(33)	29
Foreign currency translation (loss) gain	(2,464)	479	(3,035)	(483)
Other comprehensive (loss) income	(2,409)	497	(3,068)	(454)
Comprehensive loss	$ (18,837)	$ (13,201)	$ (38,668)	$ (39,681)

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Edgio, Inc.
Unaudited Consolidated Statements of Stockholders' Equity
(In thousands)

For the Three Months Ended June 30, 2022

	Common Stock						
	Shares	Amount	Common Stock Contingent Consideration	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance March 31, 2022	138,178	$ 138	$ —	$ 590,249	$ (9,004)	$ (446,189)	$ 135,194
Net loss	—	—	—	—	—	(16,428)	(16,428)
Change in unrealized gain on available-for-sale investments, net of taxes	—	—	—	—	55	—	55
Foreign currency translation adjustment, net of taxes	—	—	—	—	(2,464)	—	(2,464)
Exercise of common stock options	57	—	—	57	—	—	57
Vesting of restricted stock units	544	1	—	(1)	—	—	—
Restricted stock units surrendered in lieu of withholding taxes	(170)	—	—	(524)	—	—	(524)
Issuance of common stock under employee stock purchase plan	280	—	—	728	—	—	728
Share-based compensation	—	—	—	5,595	—	—	5,595
Capital contributions	—	—	—	1,884	—	—	1,884
Issuance of common stock for business acquisition	76,925	77	—	186,119	—	—	186,196
Common stock contingent consideration related to business acquisition	—	—	16,900	—	—	—	16,900
Issuance of common stock for employee compensation arrangements	3,892	4	—	9,415	—	—	9,419
Balance June 30, 2022	219,706	$ 220	$ 16,900	$ 793,522	$ (11,413)	$ (462,617)	$ 336,612

For the Three Months Ended June 30, 2021

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance March 31, 2021	125,248	$ 125	$ 545,516	$ (8,462)	$ (397,785)	$ 139,394
Net loss	—	—	—	—	(13,698)	(13,698)
Change in unrealized gain on available-for-sale investments, net of taxes	—	—	—	18	—	18
Foreign currency translation adjustment, net of taxes	—	—	—	479	—	479
Exercise of common stock options	777	1	1,699	—	—	1,700
Vesting of restricted stock units	461	1	(1)	—	—	—
Restricted stock units surrendered in lieu of withholding taxes	(136)	—	(427)	—	—	(427)
Issuance of common stock under employee stock purchase plan	355	—	913	—	—	913
Share-based compensation	—	—	2,505	—	—	2,505
Balance June 30, 2021	126,705	$ 127	$ 550,205	$ (7,965)	$ (411,483)	$ 130,884

For the Six Months Ended June 30, 2022

	Common Stock						
	Shares	Amount	Common Stock Contingent Consideration	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance December 31, 2021	134,337	$ 134	$ —	$ 576,807	$ (8,345)	$ (427,017)	$ 141,579
Net loss	—	—	—	—	—	(35,600)	(35,600)
Change in unrealized loss on available-for-sale investments, net of taxes	—	—	—	—	(33)	—	(33)
Foreign currency translation adjustment, net of taxes	—	—	—	—	(3,035)	—	(3,035)
Exercise of common stock options	3,195	3	—	8,040	—	—	8,043
Vesting of restricted stock units	1,522	2	—	(2)	—	—	—
Restricted stock units surrendered in lieu of withholding taxes	(488)	—	—	(1,809)	—	—	(1,809)
Issuance of common stock under employee stock purchase plan	280	—	—	728	—	—	728
Share-based compensation	—	—	—	12,340	—	—	12,340
Capital contributions	—	—	—	1,884	—	—	1,884
Issuance of common stock for business acquisition	76,968	77	—	186,119	—	—	186,196
Common stock contingent consideration related to business acquisition	—	$ —	$ 16,900	$ —	$ —	$ —	$ 16,900
Issuance of common stock for employee compensation arrangements	3,892	$ 4	$ —	$ 9,415	$ —	$ —	$ 9,419
Balance June 30, 2022	219,706	$ 220	$ 16,900	$ 793,522	$ (11,413)	$ (462,617)	$ 336,612

For the Six Months Ended June 30, 2021

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance December 31, 2020	123,653	$ 124	$ 556,512	$ (7,511)	$ (373,933)	$ 175,192
Cumulative effect of adoption of new accounting pronouncement	—	—	(21,733)	—	1,677	(20,056)
Net loss	—	—	—	—	(39,227)	(39,227)
Change in unrealized gain on available-for-sale investments, net of taxes	—	—	—	29	—	29
Foreign currency translation adjustment, net of taxes	—	—	—	(483)	—	(483)
Exercise of common stock options	1,935	2	4,545	—	—	4,547
Vesting of restricted stock units	1,094	1	(1)	—	—	—
Restricted stock units surrendered in lieu of withholding taxes	(332)	—	(1,098)	—	—	(1,098)
Issuance of common stock under employee stock purchase plan	355	—	913	—	—	913
Share-based compensation	—	—	11,067	—	—	11,067
Balance June 30, 2021	126,705	$ 127	$ 550,205	$ (7,965)	$ (411,483)	$ 130,884

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Edgio, Inc.
Unaudited Consolidated Statements of Cash Flows
(In thousands)

	Six Months Ended June 30,	
	2022	**2021**
Operating activities		
Net loss	$ (35,600)	$ (39,227)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	13,532	12,697
Share-based compensation	14,303	12,820
Foreign currency remeasurement loss	683	186
Deferred income taxes	(19,280)	(81)
Gain on sale of property and equipment	(10)	(107)
Accounts receivable charges	278	847
Amortization of premium on marketable securities	484	1,182
Noncash interest expense	420	400
Changes in operating assets and liabilities, net of amounts acquired in business combinations:		
Accounts receivable	(17,956)	5,962
Prepaid expenses and other current assets	(4,625)	439
Income taxes receivable	(555)	10
Other assets	1,126	912
Accounts payable and other current liabilities	26,671	6,732
Deferred revenue	1,867	(357)
Income taxes payable	(603)	141
Other long-term liabilities	(57)	(111)
Net cash (used in) provided by operating activities	(19,322)	2,445
Investing activities		
Purchases of marketable securities	(8,179)	(31,411)
Sale and maturities of marketable securities	22,871	31,715
Purchases of property and equipment	(18,325)	(9,614)
Proceeds from sale of property and equipment	10	107
Cash acquired in acquisition of business	30,866	—
Net cash provided by (used in) investing activities	27,243	(9,203)
Financing activities		
Payment of debt issuance costs	—	(30)
Payments of employee tax withholdings related to restricted stock vesting	(1,809)	(1,098)
Proceeds from employee stock plans	8,771	5,460
Net cash provided by financing activities	6,962	4,332
Effect of exchange rate changes on cash and cash equivalents	(1,626)	(304)
Net increase (decrease) in cash and cash equivalents	13,257	(2,730)
Cash and cash equivalents, beginning of period	41,918	46,795
Cash and cash equivalents, end of period	$ 55,175	$ 44,065
Supplemental disclosure of cash flow information		
Cash paid during the period for interest	$ 2,208	$ 2,262
Cash paid during the period for income taxes, net of refunds	$ 1,002	$ 440
Common stock issued in connection with acquisition of business	$ 186,146	$ —
Common stock contingent consideration related to business combination	$ 16,900	$ —
Common stock issued for employee compensation arrangements	$ 9,419	$ —
Property and equipment remaining in accounts payable and other current liabilities	$ 1,100	$ 1,552

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Edgio, Inc.
Notes to Unaudited Consolidated Financial Statements
June 30, 2022

1. Nature of Business

Edgio, Inc., a provider of content delivery services, edge security, video services, AppOps and Jamstack application architecture, provides powerful tools to optimize and deliver digital experiences. Edgio offers one of the largest, best-optimized private networks coupled with a global team of industry experts to provide edge services that are fast, secure and reliable.

We were incorporated in Delaware in 2003, and have operated in the Phoenix metropolitan area since 2001 and elsewhere throughout the United States since 2003. We began international operations in 2004. On June 15, 2022, we changed our corporate name from Limelight Networks, Inc. to Edgio, Inc.

On June 15, 2022, Edgio completed the acquisition (the "Edgecast Acquisition") of all of the outstanding shares of common stock of Edgecast Inc., a California corporation (“Edgecast”), and certain Edgecast-related businesses and assets from College Parent, L.P., a Delaware limited partnership (“College Parent”), for total purchase consideration of $203,046. The total purchase consideration included 76,920 shares of our common stock. Edgecast is a leading provider of edge security, content delivery and video services. Edgio accounted for the acquisition in accordance with ASC 805, *Business Combinations*, which requires the asset acquired and liabilities assumed to be recognized on the balance sheet at their fair values as of the acquisition date.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). They do not include all of the information and footnotes required by U.S. generally accepted accounting principles (“U.S. GAAP”) for complete financial statements. Such interim financial information is unaudited but reflects all adjustments that are, in the opinion of management, necessary for the fair presentation of the interim periods presented and of a normal recurring nature. This quarterly report on Form 10-Q should be read in conjunction with our audited financial statements and footnotes included in our annual report on Form 10-K for the fiscal year ended December 31, 2021. All information is presented in thousands, except per share amounts and where specifically noted.

The consolidated financial statements include accounts of Edgio and our wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated. In addition, certain other reclassifications have been made to prior year amounts to conform to the current year presentation.

Use of Estimates

The preparation of the consolidated financial statements and related disclosures in conformity with U.S. GAAP requires management to make judgments, assumptions, and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results and outcomes may differ from those estimates. The results of operations presented in this quarterly report on Form 10-Q are not necessarily indicative of the results that may be expected for the year ending December 31, 2022, or for any future periods.

Recent Accounting Standards

Adopted Accounting Standards

None

Recently Issued Accounting Standards

None

Significant Accounting Policies

There have been no changes in the significant accounting policies from those that were disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to our clients, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

For contracts that contain minimum commitments over the contractual term, not subject to the variable consideration exception, we estimate an amount of variable consideration by using the expected value method. We include estimates of variable consideration in revenue only when we have a high degree of confidence that revenue will not be reversed in a subsequent reporting period. We believe that the expected value method is the most appropriate estimate of the amount of variable consideration. These clients have entered into contracts with contract terms generally from one to four years. As of June 30, 2022, we have approximately $4,615 of remaining unsatisfied performance obligations. We recognized revenue of approximately $1,402 and $2,455, respectively, during the three months ended June 30, 2022 and 2021, related to these types of contracts with our clients. During the six months ended June 30, 2022 and 2021, we recognized revenue of approximately $2,808 and $4,356, respectively, related to these types of contracts with our clients. We expect to recognize approximately 76% of the remaining unsatisfied performance obligations in 2022, approximately 22% in 2023, and approximately 2% in 2024. In addition, we have deferred revenue of approximately $346 as of June 30, 2022 which represents our aggregate remaining performance obligations for services that have been invoiced, but not yet provided to the client and will be recognized as revenue in the period in which the performance obligations are satisfied. We expect to recognize approximately 85% of the remaining unsatisfied performance obligations in 2022, and approximately 15% in 2023.

3. Business Acquisitions

Edgecast Acquisition

On June 15, 2022, we closed the acquisition of 100% of the equity interests of Edgecast for total purchase consideration of $203,046.

The following table presents the allocation of the purchase price for Edgecast:

Consideration:		
Common stock	$	195,565
Common stock - contingent consideration		16,900
Less: Consideration allocated to employee compensation arrangements		(9,419)
Total consideration allocated to Edgecast Acquisition	$	203,046

The purchase price was defined within the purchase agreement as $270,000 in Edgio common stock at a reference price of $4.1168 (determined using a 30 day VWAP of Edgio's common stock price prior to the execution of the purchase agreement), and adjustments for customary working capital adjustments. The fair value of our common stock consideration of 80,812 shares, is based on the closing price of our common stock of $2.42 per share on the acquisition closing date. Inclusive within the 76,920 shares, and pursuant to the purchase agreement, Edgio issued 7,287 shares of common stock in exchange for cash from College Parent of $30,000. As the economic substance of this issuance was to provide additional cash to Edgecast for liabilities that existed prior to the business combination and the transaction occurred on June 15, 2022, Edgio concluded that this was part of the business combination, and therefore, should be considered as part of the consideration transferred in exchange for the acquisition of Edgecast. Purchase consideration was also adjusted for employee compensation arrangements accounted for as separate transactions as further discussed below.

The purchase agreement contains an "earn-out" or contingent consideration provision in the event that the price of our common stock exceeds certain thresholds during the period ending on the third anniversary of the acquisition date of the transaction (the "Earnout Period"), Edgio will be required to issue approximately up to an additional 12,685 shares of our common stock to College Parent (the "common stock contingent consideration"). If during the Earnout Period, the closing share price of our common stock exceeds the following share prices for 10 trading days in any 30 consecutive trading day period the following number of shares of our common stock will be issued: (a) approximately 5,398 shares of our common stock if the closing share price of our common stock exceeds $6.1752 per share, (b) approximately 4,048 shares of our common stock if the closing share price of our common stock exceeds $8.2336 per share, and (c) approximately 3,239 shares of our common stock if the closing share price of our common stock exceeds $10.2920 per share. Edgio estimated that the fair value of the common stock contingent consideration, with the assistance of a third-party valuation specialist using a Monte Carlo simulation, and concluded it was $16,900 as of the acquisition date.

As a result of the Edgecast Acquisition, certain cash awards that existed for Edgecast's employees require the transferred employee to provide services to Edgio in the post-combination period in order for the cash award to be earned. When the awards are earned, Edgio will pay the employees the amount earned and subsequently be reimbursed by College Parent or College Parent will directly pay the employee the amount earned. Edgio considered whether the employee awards are part of the Edgecast Acquisition, and part of purchase consideration, or separate transactions, and not part of purchase accounting. Under ASC 805, a transaction entered into by or on behalf of the acquirer or primarily for the benefit of the acquirer or the combined entity, rather than primarily for the benefit of the acquiree (or its former owners) before the combination, is likely to be a separate transaction. The employee awards represent compensation for post-combination services rendered to Edgio and the reimbursement right was initiated by Edgio for the future economic benefit of the combined entity. Accordingly, Edgio concluded the employee awards represent transactions separate from the Edgecast Acquisition. Edgio allocated $9,419 of the total consideration transferred to College Parent to the employee compensation arrangements based on the post-combination fair value of the employee awards. As service is required to be rendered for the award to be earned, Edgio will recognize expense as the employee performs service. The employee compensation arrangements related to post-combination services and the related reimbursement right resulted in the recognition of $6,573 in prepaid expenses and other current assets and $2,846 in other assets on June 15, 2022.

During the three and six months ended June 30, 2022, Edgio recorded $997 in compensation expense to the unaudited consolidated statements of operations as a result of the employee compensation arrangements. The employee compensation arrangements are time-based vesting only and the unrecognized compensation expense is $8,422 as of June 30, 2022, of which $5,099 is expected to be recognized during the remainder of 2022, $2,848 in 2023, and the remainder thereafter.

College Parent and it's related affiliates qualify as a related party following the close of the Edgecast Acquisition. As of June 30, 2022, Edgio recorded a receivable from College Parent and its affiliates of $11,303 related to reimbursement for certain compensation and severance plans. Trade accounts receivable were immaterial as of June 30, 2022. Revenue from College Parent and its affiliates were immaterial for the three and six months ended June 30, 2022. Expenses related to transition service agreements were also immaterial for the three and six months ended June 30, 2022.

The Edgecast Acquisition was accounted for under the acquisition method of accounting and the operating results of Edgecast have been included in our consolidated financial statements as of the acquisition date. Under the acquisition method of accounting, the aggregate amount of consideration paid by us was allocated to Edgecast's net tangible assets and intangible assets based on their estimated fair values as of the acquisition date. The excess of the purchase price over the value of the net tangible assets and intangible assets was recorded to goodwill. The factors contributing to the recognition of goodwill were based upon our conclusion that there are strategic and synergistic benefits that are expected to be realized from the acquisition. Goodwill, which is non-deductible for tax purposes, represents expected synergies and the assembled workforce at the time of the acquisition.

The following table summarizes the preliminary allocation of the purchase consideration to the acquisition date fair value of the assets, including intangible assets, liabilities assumed and related goodwill acquired:

Cash (inclusive of 30,000 as described above)	$	30,037
Accounts receivable, net		48,553
Prepaid expenses and other current assets		6,669
Property and equipment		68,066
Operating lease right of use assets		1,365
Goodwill		50,938
Intangible assets		
Customer relationships		11,000
Technology		49,000
Other assets		393
Total assets acquired		266,021
Accounts payable and accrued liabilities		6,917
Deferred revenue		1,060
Operating lease liability obligations		3,071
Other current liabilities		30,955
Operating lease liability obligations, less current portion		2,531
Deferred income taxes		18,433
Deferred revenue, less current portion		8
Total liabilities		62,975
Total purchase consideration	$	203,046

The fair values assigned to tangible assets acquired and liabilities assumed are based on management's estimates and assumptions and certain amounts noted above are preliminary and subject to change during the measurement period as we obtain additional information for the preliminary fair value estimates of the assets acquired and liabilities assumed. The primary preliminary estimates that are not yet finalized relate to certain assets and liabilities assumed, identifiable intangible assets, deferred income taxes and residual goodwill. Edgio expects to finalize the valuation as soon as practicable, but not later than one year from the acquisition date.

The fair value of acquired property and equipment was valued using the market approach and indirect cost approach and primarily consists of computer and networking equipment. The weighted-average depreciation period for the acquired property and equipment was 2.9 years at the acquisition date. The fair value of the acquired intangible assets were determined as follows, customer relationships, utilizing the excess earnings method, and technology, utilizing the relief from royalty method. The weighted-average amortization period of the acquired intangible assets was 8.5 years for customer relationships and 4.0 years for technology at the acquisition date. The deferred income tax liability was $18,433, primarily as a result of the fair value attributable to the identifiable intangible assets.

During the three and six months ended June 30, 2022, Edgecast represented $12,774 of our total revenue and $13 of income included in our consolidated net loss.

Transaction costs incurred by us in connection with the Edgecast Acquisition were $14,139 and $19,382 for the three and six months ended June 30, 2022, respectively, and were recorded within general and administrative expenses in our unaudited consolidated statements of operations.

Unaudited Pro Forma Financial Information

The following unaudited pro forma combined financial information presents combined results of Edgio and Edgecast as if the acquisition of Edgecast has occurred on January 1, 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	$ 142,577	$ 130,277	$ 278,802	$ 267,104
Net loss	$ (24,832)	$ (38,943)	$ (59,533)	$ (98,301)

These unaudited pro forma combined financial statements include adjustments to reflect fair value adjustments related to property and equipment depreciation, customer relationships and technology amortization, compensation expense related to the employee compensation arrangements, exclusion of interest income related to loan receivables settled at the acquisition date, and the effects of the adjustments on income taxes and net loss. Additionally, the pro forma adjustments include adjustments to reflect non-recurring transaction costs of $14,139 and $19,382, incurred in the three and six months ended June 30, 2022, respectively, and non-recurring restructuring charges of $3,714 incurred in the three and six months ended June 30, 2022, as of the beginning of the comparable prior reporting period.

The pro forma financial information is not intended to represent or be indicative of the actual results of operations of the combined business that would have been reported had the acquisition of Edgecast been completed at the beginning of the fiscal year 2021, nor is it representative of future operating results of Edgio.

Moov Acquisition

In September 2021, we closed the acquisition of 100% of the equity interests of Moov Corporation ("Moov"), a California corporation doing business as Layer0, a sub-scale SaaS based application acceleration and developer support platform, for total purchase consideration of $52,487. The total purchase consideration included $34,054 in cash, and 6,878 shares of our common stock valued at $18,433 at the acquisition date.

The following table presents the allocation of the purchase price for Moov:

Consideration:		
Cash	$	34,054
Common stock		18,433
Total consideration	$	52,487

The fair value of our common stock consideration of 6,878 shares, is based on the closing price of our common stock of $2.68 per share on the acquisition closing date.

The following table summarizes the allocation of the purchase consideration to the acquisition date fair value of the assets, including intangible assets, liabilities assumed and related goodwill acquired:

Cash	$	3,130
Accounts receivable		2,514
Prepaid expenses and other current assets (a)		1,171
Goodwill (a)		35,550
Intangible assets:		
Trade name		91
Customer relationships		7,090
Technology		8,480
Total assets acquired		58,026
Accounts payable and accrued liabilities		2,432
Deferred revenue		3,107
Total liabilities		5,539
Total purchase consideration	$	52,487

(a) During the first quarter of 2022, we identified measurement period adjustments related to preliminary fair value estimates. The total adjustment was an increase to prepaid expenses and other current assets of $860 and a decrease to goodwill of $860. During the second quarter of 2022, we identified measurement period adjustments related to preliminary fair value estimates. The total adjustment of $38 was due to an increase to prepaid expenses and other current assets and a decrease to goodwill of $38.

Certain amounts noted above are preliminary and subject to change during the respective measurement period (up to one year from the acquisition date) as we obtain additional information for the preliminary fair value estimates of the assets acquired and liabilities assumed. The remaining items to be finalized relate to the calculation of non-income based taxes and residual goodwill.

4. Investments in Marketable Securities

The following is a summary of marketable securities (designated as available-for-sale) at June 30, 2022:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Certificate of deposit	$ 40	$ —	$ —	$ 40
Corporate notes and bonds	10,883	—	53	10,830
Municipal securities	11,349	—	21	11,328
Total marketable securities	$ 22,272	$ —	$ 74	$ 22,198

The amortized cost and estimated fair value of marketable securities at June 30, 2022, by maturity are shown below:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale securities:				
Due in one year or less	$ 22,232	$ —	$ 74	$ 22,158
Due after one year and through five years	40	—	—	40
Total marketable securities	$ 22,272	$ —	$ 74	$ 22,198

The following is a summary of marketable securities (designated as available-for-sale) at December 31, 2021:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Certificate of deposit	$ 40	$ —	$ —	$ 40
Corporate notes and bonds	18,297	—	38	18,259
Municipal securities	19,117	—	9	19,108
Total marketable securities	$ 37,454	$ —	$ 47	$ 37,407

The amortized cost and estimated fair value of marketable securities at December 31, 2021, by maturity are shown below:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale securities:				
Due in one year or less	$ 37,209	$ —	$ 47	$ 37,162
Due after one year and through five years	245	—	—	245
Total marketable securities	$ 37,454	$ —	$ 47	$ 37,407

5. Accounts Receivable, net

Accounts receivable, net include:

	June 30, 2022	December 31, 2021
Accounts receivable	$ 110,828	$ 43,887
Less: credit allowance	(170)	(170)
Less: allowance for doubtful accounts	(2,213)	(1,500)
Total accounts receivable, net	$ 108,445	$ 42,217

The following is a roll-forward of the allowances for doubtful accounts related to trade accounts receivable for the six months ended June 30, 2022 and the twelve months ended December 31, 2021:

	Six Months Ended June 30, 2022	Twelve Months Ended December 31, 2021
Beginning of period	$ 1,500	$ 1,012
Provision for credit losses	1,080	1,082
Write-offs	(367)	(594)
End of period	$ 2,213	$ 1,500

6. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets include:

	June 30, 2022	December 31, 2021
Prepaid bandwidth and backbone	$ 2,446	$ 1,754
VAT receivable	6,575	4,781
Prepaid expenses and insurance	8,199	1,975
Vendor deposits and other	14,887	4,526
Total prepaid expenses and other current assets	$ 32,107	$ 13,036

7. Property and Equipment, net

Property and equipment, net include:

	June 30, 2022	December 31, 2021
Network equipment	$ 176,610	$ 123,915
Computer equipment and software	9,743	7,107
Furniture and fixtures	6,022	1,406
Leasehold improvements	6,337	6,454
Other equipment	17	18
Total property and equipment	198,729	138,900
Less: accumulated depreciation	(92,670)	(105,278)
Total property and equipment, net	$ 106,059	$ 33,622

Cost of revenue depreciation expense related to property and equipment was approximately $5,903 and $5,929, for the three months ended June 30, 2022 and 2021, respectively. For the six months ended June 30, 2022 and 2021, cost of revenue depreciation expense related to property and equipment was approximately $10,992 and $11,608, respectively.

Operating expense depreciation and amortization expense related to property and equipment was approximately $1,508 and $549, for the three months ended June 30, 2022 and 2021, respectively. Operating expense depreciation and amortization expense related to property and equipment was approximately $2,540 and $1,089, for the six months ended June 30, 2022 and 2021, respectively.

8. Goodwill and Other Intangible Assets

We have recorded goodwill as a result of past business acquisitions. We review goodwill for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may exceed their fair value. We concluded that we have one reporting unit and assigned the entire balance of goodwill to this reporting unit as of June 30, 2022.

The changes in the carrying amount of goodwill for the six months ended June 30, 2022, were as follows:

Balance, December 31, 2021	$ 114,511
Foreign currency translation adjustment	(1,062)
Measurement period adjustments - Moov acquisition	(898)
Acquisition of Edgecast	50,938
Balance, June 30, 2022	$ 163,489

Intangible assets consist of the following as of June 30, 2022:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade name	$ 91	$ (25)	$ 66
Client relationships	18,090	(1,227)	16,863
Technology	57,480	(1,754)	55,726
Total other intangible assets	$ 75,661	$ (3,006)	$ 72,655

Aggregate expense related to amortization of other intangible assets for the three and six months ended June 30, 2022 was approximately $1,172 and $1,958, respectively. There was no amortization expense for the three and six months ended June 30, 2021. There were no impairment charges incurred in the periods presented.

As of June 30, 2022, the weighted-average remaining useful lives of our acquired intangible assets were 2.2 years for trade name, 7.0 years for client relationships, and 4.0 years for technology, and 4.7 years in total, for all acquired intangible assets.

As of June 30, 2022, future amortization expense related to our other intangible assets is expected to be recognized as follows:

Remainder of 2022	$ 8,526
2023	16,694
2024	16,684
2025	16,664
2026	8,991
Thereafter	5,096
Total	$ 72,655

9. Other Current Liabilities

Other current liabilities include:

	June 30, 2022	December 31, 2021
Accrued compensation and benefits	$ 9,583	$ 5,131
Accrued cost of revenue	30,855	5,714
Accrued interest payable	1,823	1,823
Restructuring charges	1,964	415
Accrued legal fees	488	233
Other accrued expenses	30,678	5,976
Total other current liabilities	$ 75,391	$ 19,292

10. Debt

Convertible Senior Notes - Due 2025

On July 27, 2020, we issued $125,000 aggregate principal amount of 3.50% Convertible Senior Notes due 2025 (the “Notes”), including the initial purchasers’ exercise in full of their option to purchase an additional $15,000 principal amount of

the Notes, in a private placement to qualified institutional buyers in an offering exempt from registration under the Securities Act of 1933, as amended. The net proceeds from the issuance of the Notes was $120,741 after deducting transaction costs.

The Notes are governed by an indenture (the "Indenture") between us, as the issuer, and U.S. Bank, National Association, as trustee. The Notes are senior, unsecured obligations of ours and will be equal in right of payment with our senior, unsecured indebtedness; senior in right of payment to our indebtedness that is expressly subordinated to the notes; effectively subordinated to our senior, secured indebtedness, including future borrowings, if any, under our $20,000 credit facility with Silicon Valley Bank ("SVB"), to the extent of the value of the collateral securing that indebtedness; and structurally subordinated to all indebtedness and other liabilities, including trade payables, and (to the extent we are not a holder thereof) preferred equity, if any, of our subsidiaries. The Indenture includes customary covenants and sets forth certain events of default after which the Notes may be declared immediately due and payable and sets forth certain types of bankruptcy or insolvency events of default involving us after which the Notes become automatically due and payable.

The Notes mature on August 1, 2025, unless earlier converted, redeemed or repurchased in accordance with their term prior to the maturity date. Interest is payable semiannually in arrears on February 1 and August 1 of each year, beginning on February 1, 2021. The holders of the Notes may convert all or any portion of their Notes at their option only in the following circumstances:

(1) during any calendar quarter commencing after the calendar quarter ending on December 31, 2020 (and only during such calendar quarter), if the last reported sale price per share of our common stock exceeds 130% of the conversion price of $8.53 for each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter;

(2) during the five consecutive business days immediately after any ten consecutive trading day period (such ten consecutive trading day period, the measurement period) in which the trading price per $1 principal amount of Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of our common stock on such trading day and the conversion rate on such trading day;

(3) upon the occurrence of certain corporate events or distributions of our common stock;

(4) if we call such Notes for redemption; and

(5) at any time from, and including, May 1, 2025, until the close of business on the second scheduled trading day immediately before the maturity date.

On or after May 1, 2025, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their Notes, in minimum principal amount denominations of $1 or any integral multiple of $1 in excess thereof, at the option of the holder regardless of the foregoing circumstances. Upon conversion, we may satisfy our conversion obligation by paying or delivering, as applicable, cash, shares of common stock or a combination of cash and shares of common stock, at our election, in the manner and subject to the terms and conditions provided in the Indenture. The Notes have an initial conversion rate of 117.2367 shares of our common stock per $1 principal amount of Notes, which is equal to an initial conversion price of approximately $8.53 per share of our common stock. The initial conversion price of the Notes represents a premium of approximately 27.5% over the last reported sale price of our common stock on The Nasdaq Global Select Market of $6.69 per share on July 22, 2020. The conversion rate is subject to adjustment under certain circumstances in accordance with the terms of the Indenture. In addition, following certain corporate events that occur prior to the maturity date or if we deliver a notice of redemption, we will increase the conversion rate in certain circumstances for a holder who elects to convert its Notes in connection with such a corporate event or convert its Notes called (or deemed called) for redemption in connection with such notice of redemption, provided that the conversion rate will not exceed 149.4768 share of our common stock per $1 principal amount of Notes, subject to adjustment.

We may not redeem the Notes prior to August 4, 2023. We may redeem for cash all, or any portion in an authorized denomination, of the Notes, at our option, on or after August 4, 2023, and on or prior to the 41st scheduled trading day immediately preceding the maturity date, if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days, whether or not consecutive, including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus any accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the Notes, which means that we are not required to redeem or retire the Notes periodically.

If we undergo a fundamental change (as defined in the Indenture), holders may require us to repurchase for cash all or any portion of their Notes at a fundamental change repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

As of June 30, 2022, the conditions allowing holders of the Notes to convert had not been met and therefore the Notes are not yet convertible. The Notes are classified as long-term debt on our consolidated balance sheet as of June 30, 2022, and December 31, 2021.

At the time of issuance in July 2020, we separately accounted for the liability and equity components of the Notes. We determined the initial carrying amount of the $102,500 liability component before consideration of debt discount and transaction fees by calculating the present value of the cash flows using an effective interest rate of 8.6%. The interest rate was determined based on non-convertible debt offerings of similar sizes and terms by companies with similar credit ratings (Level 2 inputs). The carrying amount of the equity component, representing the conversion option, was $22,500 and was calculated by deducting the initial carrying value of the liability component from the principal amount of the Notes as a whole. This difference represents a debt discount that is amortized to interest expense over the 5-year contractual term of the Notes using the effective interest rate method. The equity component is not remeasured as long as it continues to meet the conditions for equity classification. On January 1, 2021, we early adopted ASU 2020-06 on a modified retrospective basis. As a result of the adoption of ASU 2020-06, our total remaining interest expense over the contractual terms of our convertible debt will be approximately $20,823 less than under the previous accounting standards. The adoption resulted in a $21,733 decrease in additional paid in capital from the derecognition of the bifurcated equity component, $20,255 increase in debt from the derecognition of the discount associated with the bifurcated equity component and $1,677 decrease to the opening balance of accumulated deficit, representing the cumulative interest expense recognized related to the amortization of the bifurcated conversion option.

We initially allocated transaction costs related to the issuance of the Notes to the liability and equity components using the same proportions as the initial carrying value of the Notes. Transaction costs initially attributable to the liability component were $3,400 and are being amortized to interest expense using the effective interest method over the term of the Notes. Transaction costs attributable to the equity component were $859. Following the adoption of ASU 2020-06, the transaction costs attributable to the original equity component are now being amortized to interest expense over the remaining term of the Notes.

The net carrying amount of the liability and equity components of the Notes was as follows:

	June 30, 2022	December 31, 2021
Liability component:		
Principal	$ 125,000	$ 125,000
Unamortized transaction costs	(2,798)	(3,218)
Net carrying amount	$ 122,202	$ 121,782

Interest expense recognized related to the Notes was as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Contractual interest expense	$ 1,094	$ 1,094	$ 2,188	$ 2,165
Amortization of transaction costs	211	201	420	400
Total	$ 1,305	$ 1,295	$ 2,608	$ 2,565

As of June 30, 2022, and December 31, 2021, the estimated fair value of the Notes was $113,044 and $119,363, respectively. We estimated the fair value based on the quoted market prices in an inactive market on the last trading day of the reporting period, which are considered Level 2 inputs.

Capped Call Transactions

In connection with the offering of the Notes, we entered into privately negotiated capped call transactions with certain counterparties (collectively, the Capped Calls). The Capped Calls have an initial strike price of approximately $8.53 per share, subject to certain adjustments, which corresponds to the initial conversion price of the Notes. The Capped Calls have an initial cap price of $13.38 per share, subject to certain adjustments. The Capped Calls are generally intended to reduce or offset the

potential economic dilution of approximately 14.7 million shares to our common stock upon any conversion of the Notes with such reduction or offset, as the case may be, subject to a cap based on the cap price. As the Capped Calls are considered indexed to our own stock and are equity classified, they are recorded in stockholders' equity and are not accounted for as derivatives. The cost of $16,400 incurred in connection with the Capped Calls was recorded as a reduction to additional paid-in capital.

Line of Credit

In November 2015 we entered into the original Loan and Security Agreement (the Credit Agreement) with SVB. Since the inception, there have been eight amendments, with the most recent amendment being in September 2021. The maximum principal commitment amount remains at $20,000. Our borrowing capacity is the lesser of the commitment amount or 80% of eligible accounts receivable. All outstanding borrowings owed under the Credit Agreement become due and payable no later than the final maturity date of November 2, 2022. As long as our Adjusted Quick Ratio remains above 1.5 to 1, we no longer are required to submit quarterly borrowing base reports.

As of June 30, 2022, and December 31, 2021, we had no outstanding borrowings, and we had availability under the Credit Agreement of $20,000 and $20,000, respectively.

As of June 30, 2022, borrowings under the Credit Agreement bear interest at the current prime rate minus 0.25%. In the event of default, obligations shall bear interest at a rate per annum that is 3% above the then applicable rate.

Amendment fees and other commitment fees are included in interest expense. During the three months ended June 30, 2022 and 2021, there was no interest expense and fees expense and amortization was $10 and $10, respectively. During the six months ended June 30, 2022 and 2021, there was no interest expense and fees expense and amortization was $20 and $26, respectively.

Any borrowings are secured by essentially all of our domestic personal property, with a negative pledge on intellectual property. SVB's security interest in our foreign subsidiaries is limited to 65% of the voting stock of each such foreign subsidiary.

We are required to maintain an Adjusted Quick Ratio of at least 1.0 to 1.0. We are also subject to certain customary limitations on our ability to, among other things, incur debt, grant liens, make acquisitions and other investments, make certain restricted payments such as dividends, dispose of assets or undergo a change in control. As of June 30, 2022, we were in compliance with our covenant under the Credit Agreement.

11. Restructuring Charge

During the third quarter of 2021, management committed to restructure certain parts of the company to align our workforce and facility requirements with our continued investment in the business as we focus on cost efficiencies, improved growth and profitability. As a result, certain facilities, right of use assets, outside service contracts and professional fees were incurred. During the second quarter of 2022, management committed to a separate action to restructure certain parts of the company to focus on improved profitability. As a result, certain head count reductions were implemented. During the three and six months ended June 30, 2022, we incurred $4,368 and $5,066, respectively, of costs related to these restructuring plans. We expect approximately $2,000 of additional costs related primarily to consulting fees to restructure our datacenter architecture over the next 18 months.

The following table summarizes the activity of our restructuring accrual (recorded in other current liabilities on our consolidated balance sheet) during the six months ended June 30, 2022 (in thousands):

2022 Restructuring Charges

	Employee Severance and Related Benefits	Share-Based Compensation	Facilities Related Charges	Professional Fees and Other	Total
Balance as of December 31, 2021	$ 235	$ —	$ 180	$ —	$ 415
Costs incurred (recorded in restructuring charge)	(95)	—	791	2	698
Cash disbursements	(140)	—	(687)	(2)	(829)
Non-cash charges, other adjustments	—	—	3	—	3
Balance as of March 31, 2022	$ —	$ —	$ 287	$ —	$ 287
Costs incurred (recorded in restructuring charge)	3,714	—	654	—	4,368
Cash disbursements	—	—	(807)	—	(807)
Non-cash charges, other adjustments	(1,884)	—	—	—	(1,884)
Balance as of June 30, 2022	$ 1,830	$ —	$ 134	$ —	$ 1,964

The following table summarizes the activity of our restructuring accrual (recorded in other current liabilities on our consolidated balance sheet) during the six months ended June 30, 2021 (in thousands):

2021 Restructuring Charges

	Employee Severance and Related Benefits	Share-Based Compensation	Facilities Related Charges	Professional Fees and Other	Total
Balance as of January 1, 2021	$ —	$ —	$ —	$ —	$ —
Costs incurred (recorded in restructuring charge)	3,513	1,354	—	2,006	6,873
Cash disbursements	(1,143)	—	—	(237)	(1,380)
Non-cash charges	—	(1,354)	—	—	(1,354)
Balance as of March 31, 2021	$ 2,370	$ —	$ —	$ 1,769	$ 4,139
Costs incurred (recorded in restructuring charge)	(247)	917		1,485	2,155
Cash disbursements	(1,203)	—		(2,902)	(4,105)
Non-cash charges	—	(917)	—	—	(917)
Balance as of June 30, 2021	$ 920	$ —	$ —	$ 352	$ 1,272

12. Contingencies

Legal Matters

We are subject to various other legal proceedings and claims, either asserted or unasserted, arising in the ordinary course of business. While the outcome of these claims cannot be predicted with certainty, management does not believe the outcome of any of these matters will have a material adverse effect on our business, financial position, results of operations, or cash flows and accordingly, no material legal contingencies were accrued as of June 30, 2022 and December 31, 2021. Litigation relating to the content delivery services industry is not uncommon, and we are, and from time to time have been, subject to such litigation. No assurances can be given with respect to the extent or outcome of any such litigation in the future.

Taxes

We are subject to indirect taxation in various states and foreign jurisdictions. Laws and regulations that apply to communications and commerce conducted over the Internet are becoming more prevalent, both in the United States and internationally, and may impose additional burdens on us conducting business online or providing internet-related services. Increased regulation could negatively affect our business directly, as well as the businesses of our clients, which could reduce their demand for our services. For example, tax authorities in various states and abroad may impose taxes on the internet-related revenue we generate based on regulations currently being applied to similar but not directly comparable industries.

There are many transactions and calculations where the ultimate tax determination is uncertain. In addition, domestic and international taxation laws are subject to change. In the future, we may come under audit, which could result in changes to our tax estimates. We believe we maintain adequate tax reserves, that are not material in amount, to offset potential liabilities that may arise upon audit. Although we believe our tax estimates and associated reserves are reasonable, the final determination of tax audits and any related litigation could be materially different than the amounts established for tax contingencies. To the extent these estimates ultimately prove to be inaccurate, the associated reserves would be adjusted, resulting in the recording of a benefit or expense in the period in which a change in estimate or a final determination is made.

13. Net Loss per Share

We calculate basic and diluted loss per weighted average share. We use the weighted-average number of shares of common stock outstanding during the period for the computation of basic loss per share. Diluted loss per share includes the dilutive effect of all potentially dilutive common stock, including awards granted under our equity incentive compensation plans in the weighted-average number of shares of common stock outstanding.

The following table sets forth the components used in the computation of basic and diluted net loss per share for the periods indicated (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net loss	$ (16,428)	$ (13,698)	$ (35,600)	$ (39,227)
Basic weighted average outstanding shares of common stock	151,776	126,050	143,652	125,170
Basic weighted average outstanding shares of common stock	151,776	126,050	143,652	125,170
Dilutive effect of stock options, restricted stock units, and other equity incentive plans	—	—	—	—
Diluted weighted average outstanding shares of common stock	151,776	126,050	143,652	125,170
Basic net loss per share	$ (0.11)	$ (0.11)	$ (0.25)	$ (0.31)
Diluted net loss per share:	$ (0.11)	$ (0.11)	$ (0.25)	$ (0.31)

For the three and six months ended June 30, 2022 and 2021, respectively, the following potentially dilutive common stock, including awards granted under our equity incentive compensation plans were excluded from the computation of diluted net loss per share because including them would have been anti-dilutive.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Employee stock purchase plan	118	95	118	95
Stock options and warrants	1,859	2,119	2,524	2,758
Restricted stock units	5,097	548	5,531	841
Convertible senior notes	14,654	14,654	14,654	14,654
Contingently issuable shares [1]	12,685	—	12,685	—
	34,413	17,416	35,512	18,348

[1] Represents common stock contingent consideration related to the Edgecast Acquisition.

14. Stockholders' Equity

Common Stock

On March 14, 2017, our board of directors authorized a $25,000 share repurchase program. Any shares repurchased under this program will be canceled and returned to authorized but unissued status. We did not purchase any shares during the six months ended June 30, 2022 and 2021, respectively. As of June 30, 2022, there remained $21,200 under this share repurchase program.

Amended and Restated Equity Incentive Plan

We established the 2007 Equity Incentive Plan, or the 2007 Plan, which allows for the grant of equity, including stock options and restricted stock unit awards. In June 2016, our stockholders approved the Amended and Restated Equity Incentive Plan, or the Restated 2007 Plan, which amended and restated the 2007 Plan. Approval of the Restated 2007 Plan replaced the terms and conditions of the 2007 Plan with the terms and conditions of the Restated 2007 Plan and extended the term of the plan to April 2026. There was no increase in the aggregate number of shares available for issuance. The total number of shares available to be issued under the Restated 2007 Plan as of June 30, 2022 was approximately 16,211.

2021 Inducement Plan

In November 2021, we adopted the Inducement Plan pursuant to which we reserved 11,000 shares of common stock, to be used exclusively for grants of equity-based awards to highly qualified prospective officers and employees who are not currently our employees, as an inducement material to the individual's entry into employment with us within the meaning of Rule 5635(c)(4) of the Nasdaq Listing Rules. The Inducement Plan provides for the grant of equity-based awards in the form of non-statutory stock options, stock appreciation rights, restricted stock awards, and restricted stock unit awards. The Inducement Plan was adopted by our board of directors without stockholder approval pursuant to Rule 5634(c)(4) of the Nasdaq Listing Rules. We have issued 10,477 shares under the Inducement Plan as of June 30, 2022.

Employee Stock Purchase Plan

In June 2013, our stockholders approved our 2013 Employee Stock Purchase Plan ("ESPP"), authorizing the issuance of 4,000 shares. In May 2019, our stockholders approved the adoption of Amendment 1 to the ESPP. Amendment 1 increased the number of shares authorized to 9,000 shares (an increase of 5,000 shares) and amended the maximum number of shares of common stock that an eligible employee may be permitted to purchase during each offering period to be 5 shares. The ESPP allows participants to purchase our common stock at a 15% discount of the lower of the beginning or end of the offering period using the closing price on that day. During the three and six months ended June 30, 2022, we issued 280 shares under the ESPP. Total cash proceeds from the purchase of shares under the ESPP was approximately $730. As of June 30, 2022, shares reserved for issuance to employees under this plan totaled 2,769, and we held employee contributions of $232 (included in other current liabilities) for future purchases under the ESPP.

Preferred Stock

Our board of directors has authorized the issuance of up to 7,500 shares of preferred stock at June 30, 2022. The preferred stock may be issued in one or more series pursuant to a resolution or resolutions providing for such issuance duly adopted by the board of directors. As of June 30, 2022, the board of directors had not adopted any resolutions for the issuance of preferred stock.

15. Accumulated Other Comprehensive Loss

Changes in the components of accumulated other comprehensive loss, net of tax, for the six months ended June 30, 2022, was as follows:

	Foreign Currency	Available for Sale Securities	Total
Balance, December 31, 2021	$ (8,296)	$ (49)	$ (8,345)
Other comprehensive (loss) gain before reclassifications	(3,035)	(33)	(3,068)
Amounts reclassified from accumulated other comprehensive loss	—	—	—
Net current period other comprehensive (loss) gain	(3,035)	(33)	(3,068)
Balance, June 30, 2022	$ (11,331)	$ (82)	$ (11,413)

16. Share-Based Compensation

The following table summarizes the components of share-based compensation expense included in our consolidated statements of operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Share-based compensation expense by type:				
Stock options and warrants	$ 636	$ 1,341	$ 1,170	$ 7,251
Restricted stock units	6,412	2,875	12,768	5,279
ESPP	243	42	365	290
Total share-based compensation expense	$ 7,291	$ 4,258	$ 14,303	$ 12,820
Share-based compensation expense:				
Cost of services	$ 326	$ 458	$ 734	$ 704
General and administrative expense	2,166	1,874	4,269	7,902
Sales and marketing expense	1,376	395	2,557	958
Research and development expense	3,423	614	6,743	985
Restructuring charge	—	917	—	2,271
Total share-based compensation expense	$ 7,291	$ 4,258	$ 14,303	$ 12,820

Unrecognized share-based compensation expense totaled approximately $34,643 at June 30, 2022, of which $2,973 related to stock options and $31,670 related to restricted stock units. Unrecognized share-based compensation includes both time-based and performance-based equity. We currently expect to recognize share-based compensation expense of $10,113 during the remainder of 2022, $18,231 in 2023, and the remainder thereafter based on scheduled vesting of the stock options and restricted stock units outstanding at June 30, 2022.

17. Operating Leases - Right of Use Assets and Purchase Commitments

Right of Use Assets

We have various operating leases for office space that expire through 2030. Below is a summary of our right of use assets and liabilities as of June 30, 2022.

Right-of-use assets	$ 7,124
Lease liability obligations, current	$ 4,755
Lease liability obligations, less current portion	11,352
Total lease liability obligations	$ 16,107
Weighted-average remaining lease term	5.7 years
Weighted-average discount rate	5.05 %

During the three and six months ended June 30, 2022, operating lease costs were immaterial.

During the three months ended June 30, 2021, we recognized approximately $671 in operating lease costs. Operating lease costs of $129 are included in cost of revenue, and $542 are included in operating expenses in our consolidated statements of operations. During the three months ended June 30, 2021, cash paid for operating leases was approximately $782. During the six months ended June 30, 2021, we recognized approximately $1,430 in operating lease costs. Operating lease costs of $244 are included in cost of revenue, and $1,186 are included in operating expenses in our consolidated statements of operations. During the six months ended June 30, 2021, cash paid for operating leases was approximately $1,562.

Approximate future minimum lease payments for our right of use assets over the remaining lease periods as of June 30, 2022, are as follows:

Remainder of 2022	$	2,761
2023		5,157
2024		2,360
2025		1,440
2026		1,468
Thereafter		5,360
Total minimum payments		18,546
Less: amount representing interest		2,439
Total	$	16,107

Purchase Commitments

We have long-term commitments for bandwidth usage and co-location with various networks and Internet service providers. The following summarizes our minimum non-cancellable commitments for future periods as of June 30, 2022:

Remainder of 2022	$	34,411
2023		36,669
2024		18,509
2025		12,399
2026		9,533
Thereafter		2,613
Total minimum payments	$	114,134

18. Concentrations

During the three and six months ended June 30, 2022 and 2021, respectively, we had two clients, Amazon and Sony, who each represented 10% or more of our total revenue.

Revenue from clients located within the United States, our country of domicile, was $49,757 for the three months ended June 30, 2022, compared to $29,017 for the three months ended June 30, 2021. For the six months ended June 30, 2022, revenue from clients located within the United States was $82,828, compared to $57,170 for the six months ended June 30, 2021.

During the three months ended June 30, 2022 and 2021, respectively, based on client location, we had two countries, the United States and Japan, that individually accounted for 10% or more of our total revenue. During the six months ended June 30, 2022, based on client location, we had two countries, the United States and Japan, that individually accounted for 10% or more of our total revenue. During the six months ended June 30, 2021, based on client location, we had three countries, the United States, Japan, and the United Kingdom, that individually accounted for 10% or more of our total revenue.

19. Income Taxes

Income taxes for the interim periods presented have been included in the accompanying consolidated financial statements on the basis of an estimated annual effective tax rate. Based on an estimated annual effective tax rate and discrete items, income tax (benefit) expense for the three months ended June 30, 2022 and 2021 was $(19,589) and $248, respectively. For the six months ended June 30, 2022 and 2021, income tax (benefit) expense was $(19,383) and $507, respectively. Income tax (benefit) expense was different than the statutory income tax rate primarily due to the partial release of valuation allowances resulting from deferred tax liabilities from acquired intangibles related to the acquisition of Edgecast, which create source two income and result in certain deferred tax assets, previously subject to valuation allowances due to them not being more likely than not of being realized, now being realizable, and the recording of state and foreign tax expense for the three month periods.

We file income tax returns in jurisdictions with varying statutes of limitations. Tax years 2018 through 2020 remain subject to examination by federal tax authorities. Tax years 2017 through 2020 generally remain subject to examination by state tax authorities. As of June 30, 2022, we are not under any federal or state examination for income taxes.

For the three and six months ended June 30, 2022 and 2021, respectively, there was no impact to income tax expense related to the Global Intangible Low-Taxed Income inclusion ("GILTI") as a result of our net operating loss carryforwards (NOL) and valuation allowance position.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted in response to the COVID-19 pandemic. We have evaluated the impact of the CARES Act, and do not expect the provisions of the CARES Act to have an impact on us.

20. Segment Reporting and Geographic Areas

Our chief operating decision maker (who is our Chief Executive Officer) reviews our financial information presented on a consolidated basis for purposes of allocating resources and evaluating our financial performance. We operate in one industry segment — content delivery and related services and we operate in three geographic areas — Americas, Europe, Middle East, and Africa (“EMEA”), and Asia Pacific.

Revenue by geography is based on the location of the client from which the revenue is earned. The following table sets forth our revenue by geographic area:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
Americas	$ 51,840	70 %	$ 29,677	61 %	$ 85,646	65 %	$ 58,367	59 %
EMEA	5,437	7 %	5,306	11 %	11,970	9 %	14,559	14 %
Asia Pacific	17,035	23 %	13,365	28 %	34,654	26 %	26,617	27 %
Total revenue	$ 74,312	100 %	$ 48,348	100 %	$ 132,270	100 %	$ 99,543	100 %

The following table sets forth the individual countries and their respective revenue for those countries whose revenue exceeded 10% of our total revenue:

	Three Months Ended June 30,		Six Months Ended June 30,	
Country / Region	2022	2021	2022	2021
United States / Americas	$ 49,757	$ 29,017	$ 82,828	$ 57,170
United Kingdom / EMEA	$ 2,458	$ 3,274	$ 6,668	$ 10,356
Japan / Asia Pacific	$ 10,946	$ 7,611	$ 22,052	$ 15,659

The following table sets forth long-lived assets by geographic area in which the assets are located:

	June 30, 2022	December 31, 2021
Americas	$ 81,262	$ 23,733
International	24,797	9,889
Total long-lived assets	$ 106,059	$ 33,622

21. Fair Value Measurements

As of June 30, 2022, and December 31, 2021, we held certain assets and liabilities that were required to be measured at fair value on a recurring basis.

The following is a summary of fair value measurements at June 30, 2022:

Description	Total	Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds (2)	$ 1,899	$ 1,899	$ —	$ —
Certificate of deposit (1)	40	—	40	—
Corporate notes and bonds (1)	10,830	—	10,830	—
Municipal securities (1)	11,328	—	11,328	—
Total assets measured at fair value	$ 24,097	$ 1,899	$ 22,198	$ —

(1) Classified in marketable securities

(2) Classified in cash and cash equivalents

The following is a summary of fair value measurements at December 31, 2021:

Description	Total	Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds (2)	$ 7,310	$ 7,310	$ —	$ —
Certificate of deposit (1)	40	—	40	—
Corporate notes and bonds (1)	18,259	—	18,259	—
Municipal securities (1)	19,108	—	19,108	—
Total assets measured at fair value	$ 44,717	$ 7,310	$ 37,407	$ —

(1) Classified in marketable securities

(2) Classified in cash and cash equivalents

The carrying amount of cash equivalents approximates fair value because their maturity is less than three months. The carrying amount of short-term and long-term marketable securities approximates fair value as the securities are marked to market as of each balance sheet date with any unrealized gains and losses reported in stockholders' equity. The carrying amount of accounts receivable, accounts payable, and accrued liabilities approximates fair value due to the short-term maturity of the amounts.

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

The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and related notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q, as well as the audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2021, included in Part II of our annual report on Form 10-K, as filed with the SEC, on February 17, 2022.

On June 15, 2022, we changed our corporate name from Limelight Networks, Inc. to Edgio, Inc. We will not distinguish between our prior and current corporate name and will refer to our current corporate name throughout this Quarterly Report on Form 10-Q. Beginning on June 15, 2022, our common stock is traded on Nasdaq under the ticker symbol "EGIO".

Prior period information has been modified to conform to current year presentation. All information in this Item 2 is presented in thousands, except per share amounts, client count and where otherwise specifically noted.

Overview

We were founded in 2001 as a provider of content delivery network services to deliver digital content over the internet. We began development of our infrastructure in 2001 and began generating meaningful revenue in 2002. Today, we are an edge-enabled software solutions provider powering secure digital experiences through a seamlessly integrated delivery, applications and streaming platform. Our coordinated complete solution delivers instant, secure website applications that provides powerful tools and we provide a client-first approach to optimize and deliver digital experiences at the edge. We are a trusted partner to some of the world's notable brands and serve their global customers by building sub-second sites, protecting mission critical digital assets and delivering experiences such as livestream sporting events, global movie launches, video games, and file downloads for new phone applications. We offer one of the largest, best-optimized private networks coupled with a global team of industry experts to provide edge services that are fast, secure, and reliable. Our mission is to securely manage and globally deliver digital content, building client satisfaction through exceptional reliability and performance.

Our business mission is to design solutions for our clients that help them power extraordinary digital experiences digital experiences for their customers. Because of this, we operate a globally distributed network with services that are available 24 hours a day, seven days a week, and 365 days a year. Our sophisticated and powerful network is fully redundant and includes extensive diversity through data center and telecommunication suppliers within and across regions.

In early 2020, the World Health Organization ("WHO") declared COVID-19 as a global pandemic. This pandemic has disrupted the normal operations of many businesses, including ours. Despite such disruption, our level of client service has remained uninterrupted. There also has been no material impact to our financial reporting systems, internal control over financial reporting, and disclosure controls and procedures. The future impacts of the COVID-19 pandemic remain uncertain and while it is difficult to predict what the world will look like when this pandemic has run its course, we currently do not expect the COVID-19 pandemic to have a material adverse impact on our balance sheet, financial condition, and results of operations, nor do we expect any impairment of goodwill, long-lived assets or right of use assets.

We provide our services in a highly competitive industry in which differentiation is primarily measured by performance and cost and the difference between providers can be as small as a fraction of a percent. We have experienced the commoditization of our once innovative and highly valued content delivery service, which, when combined with the low switching costs in a multi-CDN environment, results in on-going price compression, despite the large, unmet market need for our services. During the first half of 2022, we continued to see a decline in our average selling price, primarily due to the on-going price compression with our multi-CDN clients.

In February 2021, Bob Lyons joined Edgio as Chief Executive Officer and Director. Since that date and under Mr. Lyon's leadership, we have implemented a go-forward strategy designed to simultaneously address short-term headwinds and to position us to achieve near- and long-term success by building upon and more fully leveraging our ultra-low latency, global network, and operational expertise. We are focused on three key areas:

• **Improving our core**: Our ability to consistently grow revenue requires us to do a better job at managing the cost structure of our network while anticipating and providing our clients with the tools and reliable performance they need and to do it sooner and better than our competitors. Our operating expenses are largely driven by payroll and related employee costs. Our employee headcount increased from 577 on March 31, 2022, to 1,317 on June 30, 2022, primarily due to the Edgecast Acquisition. We implemented a broader and more detailed operating model in 2021, built on metrics, process discipline, and improvements to client satisfaction, performance, and cost. We are building an internal culture that embraces speed, transparency, and accountability. Since the close of the Edgecast Acquisition, we have put other cost savings measures into place. We recorded restructuring charges of $4,368 and $5,066 during the three and six months ended June 30, 2022,

respectively. We are also continuously seeking opportunities to be more efficient and productive in order to achieve cost savings and improve our profitability.

• **Expanding our core**: We have redesigned our commercial and product approaches to strengthen and broaden our key client relationships, to support a land and expand strategy. We believe that this, coupled with new edge-based tools and solutions we anticipate bringing to market, will assist in our ability to re-accelerate growth. Key elements of our plan to Expand the Core include tightening the alignment between our Sales and Marketing organizations, moving to a "client success" model that pairs client relationship managers with client performance managers to ensure proactive client success and exploring ways to dynamically optimize how we price our services that gives us more flexibility – and a renewed ability to sell more broadly into our existing client base.

• **Extending our core:** Longer term, we believe we can drive meaningful improvements to profitability and growth by diversifying our capabilities, clients, and revenue mix. We need to enable digital builders to easily load content faster, personalize it more and protect it outside of a controlled environment. We believe we have an opportunity of extending the use of our network to new clients with new solutions that utilize non-peak traffic solutions. In September 2021, we acquired Moov, a California corporation doing business as Layer0, a sub-scale SaaS based application acceleration and developer platform. We believe this platform coupled with our global CDN network will be a catalyst in our pursuit of positioning us as an Edge Solutions platform. In March 2022, we announced that we had entered into a definitive agreement to acquire Yahoo's Edgecast, a leading provider of edge security, content delivery and video services, in an all-stock transaction. Edgecast is a business unit of Yahoo, which is owned by funds managed by affiliates of Apollo and Verizon Communications. Edgio will deliver significantly increased scale and scope with diversified revenue across products, clients, geographies, and channels. The combination will create a globally scaled, edge enabled software solutions provider with pro forma 2021 revenue of more than $500 million across cloud security and web applications, content delivery and edge video platform in an expanded total addressable market of $40 billion.

We are committed to helping our clients deliver better digital experiences to their customers, create better returns for our shareholders, and provide our employees an environment in which they can grow, develop, and win.

The following table summarizes our revenue, costs, and expenses for the three and six months ended June 30, 2022 and 2021 (in thousands of dollars and as a percentage of total revenue). For the three and six months ended June 30, 2022, results of operations include Edgecast results for the period June 15, 2022 to June 30, 2022.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
Revenue	$ 74,312	100.0 %	$ 48,348	100.0 %	$ 132,270	100.0 %	$ 99,543	100.0 %
Cost of revenue	51,991	70.0 %	38,905	80.5 %	92,149	69.7 %	77,629	78.0 %
Gross profit	22,321	30.0 %	9,443	19.5 %	40,121	30.3 %	21,914	22.0 %
Operating expenses	51,542	69.4 %	19,035	39.4 %	85,611	64.7 %	48,447	48.7 %
Restructuring charges	4,368	5.9 %	2,155	4.5 %	5,066	3.8 %	9,028	9.1 %
Operating loss	(33,589)	(45.2)%	(11,747)	(24.3)%	(50,556)	(38.2)%	(35,561)	(35.7)%
Total other income (expense)	(2,428)	(3.3)%	(1,703)	(3.5)%	(4,427)	(3.3)%	(3,159)	(3.2)%
Loss before income taxes	(36,017)	(48.5)%	(13,450)	(27.8)%	(54,983)	(41.6)%	(38,720)	(38.9)%
Income tax (benefit) expense	(19,589)	(26.4)%	248	0.5 %	(19,383)	(14.7)%	507	0.5 %
Net loss	$ (16,428)	(22.1)%	$ (13,698)	(28.3)%	$ (35,600)	(26.9)%	$ (39,227)	(39.4)%

Use of Non-GAAP Financial Measures

To evaluate our business, we consider and use non-generally accepted accounting principles ("Non-GAAP") net income (loss), EBITDA and Adjusted EBITDA as supplemental measures of operating performance. These measures include the same adjustments that our management takes into account when it reviews and assesses operating performance on a period-to-period basis. We consider Non-GAAP net income (loss) to be an important indicator of overall business performance. We define Non-GAAP net income (loss) to be U.S. GAAP net income (loss), adjusted to exclude share-based compensation, non-cash interest expense, restructuring and transition related charges, acquisition and legal related expenses, and amortization of intangible assets. We believe that EBITDA provides a useful metric to investors to compare us with other companies within our industry and across industries. We define EBITDA as U.S. GAAP net income (loss), adjusted to exclude depreciation and amortization, interest expense, interest and other (income) expense, and income tax expense. We define Adjusted EBITDA as EBITDA adjusted to exclude share-based compensation, restructuring and transition related charges, and acquisition and legal

related expenses. We use Adjusted EBITDA as a supplemental measure to review and assess operating performance. Our management uses these Non-GAAP financial measures because, collectively, they provide valuable information on the performance of our on-going operations, excluding non-cash charges, taxes and non-core activities (including interest payments related to financing activities). These measures also enable our management to compare the results of our on-going operations from period to period, and allow management to review the performance of our on-going operations against our peer companies and against other companies in our industry and adjacent industries. We believe these measures also provide similar insights to investors, and enable investors to review our results of operations "through the eyes of management."

Furthermore, our management uses these Non-GAAP financial measures to assist them in making decisions regarding our strategic priorities and areas for future investment and focus.

In our August 8, 2022, earnings press release, as furnished on Form 8-K, we included Non-GAAP net income (loss), EBITDA and Adjusted EBITDA. The terms Non-GAAP net income (loss), EBITDA and Adjusted EBITDA are not defined under U.S. GAAP, and are not measures of operating income, operating performance or liquidity presented in accordance with U.S. GAAP. Our Non-GAAP net income (loss), EBITDA and Adjusted EBITDA have limitations as analytical tools, and when assessing our operating performance, Non-GAAP net income (loss), EBITDA and Adjusted EBITDA should not be considered in isolation, or as a substitute for net income (loss) or other consolidated income statement data prepared in accordance with U.S. GAAP. Some of these limitations include, but are not limited to:

- EBITDA and Adjusted EBITDA do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- These measures do not reflect changes in, or cash requirements for, our working capital needs;
- Non- GAAP net income (loss) and Adjusted EBITDA do not reflect the cash requirements necessary for litigation costs, including provision for litigation and litigation expenses;
- These measures do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt that we may incur;
- These measures do not reflect income taxes or the cash requirements for any tax payments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will be replaced sometime in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements;
- While share-based compensation is a component of operating expense, the impact on our financial statements compared to other companies can vary significantly due to such factors as the assumed life of the options and the assumed volatility of our common stock; and
- other companies may calculate Non-GAAP net income (loss), EBITDA and Adjusted EBITDA differently than we do, limiting their usefulness as comparative measures.

We compensate for these limitations by relying primarily on our U.S. GAAP results and using Non-GAAP net income (loss), EBITDA, and Adjusted EBITDA only as supplemental support for management's analysis of business performance. Non-GAAP net income (loss), EBITDA and Adjusted EBITDA are calculated as follows for the periods presented.

Reconciliation of Non-GAAP Financial Measures

In accordance with the requirements of Item 10(e) of Regulation S-K, we are presenting the most directly comparable U.S. GAAP financial measures and reconciling the unaudited Non-GAAP financial metrics to the comparable U.S. GAAP measures.

Reconciliation of U.S. GAAP Net Loss to Non-GAAP Net Income (Loss)
(Unaudited)

	Three Months Ended			Six Months Ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
U.S. GAAP net loss	$ (16,428)	$ (19,172)	$ (13,698)	$ (35,600)	$ (39,227)
Share-based compensation	7,291	7,012	3,341	14,303	5,985
Non-cash interest expense	211	209	201	420	400
Restructuring and transition related charges	4,368	698	2,155	5,066	13,855
Acquisition and legal related expenses	14,167	5,107	—	19,274	—
Amortization of intangible assets	1,172	786	—	1,958	—
Non-GAAP net income (loss)	$ 10,781	$ (5,360)	$ (8,001)	$ 5,421	$ (18,987)

Reconciliation of U.S. GAAP Net Loss to EBITDA to Adjusted EBITDA
(Unaudited)

	Three Months Ended			Six Months Ended	
	June 30, 2022	March 2022	June 30, 2021	June 30, 2022	June 30, 2021
U.S. GAAP net loss	$ (16,428)	$ (19,172)	$ (13,698)	$ (35,600)	$ (39,227)
Depreciation and amortization	7,411	6,121	6,478	13,532	12,697
Interest expense	1,315	1,313	1,305	2,628	2,591
Interest and other (income) expense	1,113	686	398	1,799	568
Income tax (benefit) expense	(19,589)	206	248	(19,383)	507
EBITDA	$ (26,178)	$ (10,846)	$ (5,269)	$ (37,024)	$ (22,864)
Share-based compensation	7,291	7,012	3,341	14,303	5,985
Restructuring and transition related charges	4,368	698	2,155	5,066	13,855
Acquisition and legal related expenses	14,167	5,107	—	19,274	—
Adjusted EBITDA	$ (352)	$ 1,971	$ 227	$ 1,619	$ (3,024)

Critical Accounting Policies and Estimates

Please see Note 2 of Part I, Item 1 of this Quarterly Report on Form 10-Q for a summary of changes in significant accounting policies. In addition, our critical accounting policies and estimates are disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. During the six months ended June 30, 2022, there have been no other significant changes in our critical accounting policies and estimates.

Results of Operations

Revenue

We derive revenue primarily from the sale of our digital content delivery, video delivery, website development and acceleration, cloud security, edge compute, and origin storage services. We also generate revenue through the sale of professional services and other infrastructure services, such as transit, rack space services, and hardware to help our clients build out edge solutions.

The following table reflects our revenue for the three and six months ended June 30, 2022, compared to the three and six months ended June 30, 2021:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
Revenue	$ 74,312	$ 48,348	$ 25,964	54 %	$ 132,270	$ 99,543	$ 32,727	33 %

Our revenue increased during the three and six months ended June 30, 2022, versus the comparable 2021 period, primarily due to an increase in our delivery services, edge services, video services revenue and the inclusion of 16 days of revenue from the close of the Edgecast Acquisition that occurred on June 15, 2022. The increase in delivery services revenue was primarily due to increased traffic volumes as a result of new content released for consumption. We continue to see price compression, which is expected in the industry. We believe that we have improved our performance with many of our largest clients, and we are positioned to take advantage of volume growth as additional new content is released. Our active clients worldwide increased to 1,000 as of June 30, 2022, compared to 533 as of June 30, 2021. The increase was primarily driven by our acquisition of Edgecast in June 2022 and Moov Corporation in September 2021.

During the three months ended June 30, 2022 and 2021, sales to our top 20 clients accounted for approximately 74% and 78%, respectively, of our total revenue. For the six months ended June 30, 2022 and 2021, sales to our top 20 clients accounted for approximately 75% and 77%, respectively, of our total revenue. The clients that comprised our top 20 clients change from time to time, and our large clients may not continue to be as significant going forward as they have been in the past.

During the three and six months ended June 30, 2022, and 2021, respectively, we had two clients, Amazon and Sony, who each represented 10% or more of our total revenue.

Revenue by geography is based on the location of the client from which the revenue is earned. The following table sets forth revenue by geographic area (in thousands and as a percentage of total revenue):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
Americas	$ 51,840	70 %	$ 29,677	61 %	$ 85,646	65 %	$ 58,367	59 %
EMEA	5,437	7 %	5,306	11 %	11,970	9 %	14,559	14 %
Asia Pacific	17,035	23 %	13,365	28 %	34,654	26 %	26,617	27 %
Total revenue	$ 74,312	100 %	$ 48,348	100 %	$ 132,270	100 %	$ 99,543	100 %

Cost of Revenue

Cost of revenue consists primarily of fees paid to network providers for bandwidth and backbone, costs incurred for non-settlement free peering and connection to internet service providers, and fees paid to data center operators for housing of our network equipment in third party network data centers, also known as co-location costs. Cost of revenue also includes leased warehouse space and utilities, depreciation of network equipment used to deliver our content delivery services, payroll and related costs, and share-based compensation for our network operations and professional services personnel. Other costs include hardware costs, professional fees and outside services, travel and travel-related expenses, and royalty expenses.

Cost of revenue was composed of the following (in thousands and as a percentage of total revenue):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
Bandwidth and co-location fees	$ 28,216	38.0 %	$ 24,180	50.0 %	$ 52,666	39.8 %	$ 47,923	48.1 %
Depreciation - network	5,903	7.9 %	5,929	12.3 %	10,992	8.3 %	11,608	11.7 %
Payroll and related employee costs	3,291	4.4 %	3,771	7.8 %	5,565	4.2 %	8,469	8.5 %
Share-based compensation	326	0.4 %	458	0.9 %	734	0.6 %	704	0.7 %
Other costs	14,255	19.2 %	4,567	9.4 %	22,192	16.8 %	8,925	9.0 %
Total cost of revenue	$ 51,991	70.0 %	$ 38,905	80.5 %	$ 92,149	69.7 %	$ 77,629	78.0 %

Our cost of revenue increased in aggregate dollars and decreased as a percentage of total revenue for the three and six months ended June 30, 2022, versus the comparable 2021 period. The changes in cost of revenue were primarily a result of the following:

- Bandwidth and co-location fees increased in aggregate dollars due to higher transit fees, rack space fees, increased variable bandwidth costs as a result of an increase in traffic, as well as continued expansion in existing and new geographies and capacity acquired with the Edgecast Acquisition.
- Depreciation expense decreased due to less deployments of capital equipment.

- Payroll and related employee costs were lower as a result of decreased network operations and lower variable compensation. We have also increased the use of third party consultants to augment direct staffing expense.
- Other costs increased for both the three and six months ended June 30, 2022, primarily due to costs associated with increased costs for hardware sold to customers, operations from our acquisition of Moov Corporation in September 2021, international re-seller costs, and professional fees including third party consultants.

General and Administrative

General and administrative expense was composed of the following (in thousands and as a percentage of total revenue):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
Payroll and related employee costs	$ 5,275	7.1 %	$ 2,447	5.1 %	$ 10,146	7.7 %	$ 6,373	6.4 %
Professional fees and outside services	3,276	4.4 %	1,338	2.8 %	5,278	4.0 %	2,565	2.6 %
Share-based compensation	2,166	2.9 %	1,874	3.9 %	4,269	3.2 %	7,902	7.9 %
Acquisition and legal related expenses	14,167	19.1 %	—	— %	19,274	14.6 %	—	— %
Other costs	2,043	2.7 %	1,856	3.8 %	3,793	2.9 %	3,572	3.6 %
Total general and administrative	$ 26,927	36.2 %	$ 7,515	15.5 %	$ 42,760	32.3 %	$ 20,412	20.5 %

Our general and administrative expense increased in both aggregate dollars and as a percentage of total revenue for the three and six months ended June 30, 2022, versus the comparable 2021 period.

The increase in aggregate dollars for the three months ended June 30, 2022, versus the comparable 2021 period was primarily driven by increased acquisition and legal related expenses, payroll and related employee costs, and professional fees. The increase in acquisition and legal related expenses is the result of expenses that have been incurred regarding the Edgecast Acquisition. The increase in payroll and related employee costs is due to increased headcount and the increase in professional fees is due to increased costs for consulting, recruiting and casual labor.

The increase in aggregate dollars for the six months ended June 30, 2022, versus the comparable 2021 periods was primarily driven by increased acquisition and legal related expenses, payroll and related employee costs and professional fees, partially offset by a decrease in share based compensation. The increase in acquisition and legal related expenses is the result of expenses that have been incurred regarding the Edgecast Acquisition. The increase in payroll and related employee costs is due to increased headcount and the increase in professional fees is due to increased costs for consulting, recruiting and casual labor. The decrease in share-based compensation was the result of a transition agreement entered into between us and our former Chief Executive Officer who retired in January 2021, and for a sign-on bonus converted from cash to restricted stock units for our new Chief Executive Officer.

We expect our general and administrative expenses for 2022 to increase in both aggregate dollars and as a percentage of total revenue primarily due to expenses supporting the Edgecast Acquisition.

Sales and Marketing

Sales and marketing expense was composed of the following (in thousands and as a percentage of total revenue):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
Payroll and related employee costs	$ 6,827	9.2 %	$ 4,211	8.7 %	$ 11,706	8.9 %	$ 11,710	11.8 %
Share-based compensation	1,376	1.9 %	395	0.8 %	2,557	1.9 %	958	1.0 %
Marketing programs	1,040	1.4 %	276	0.6 %	1,511	1.1 %	709	0.7 %
Other costs	1,703	2.3 %	902	1.9 %	2,799	2.1 %	2,254	2.3 %
Total sales and marketing	$ 10,946	14.7 %	$ 5,784	12.0 %	$ 18,573	14.0 %	$ 15,631	15.7 %

Our sales and marketing expense increased in both aggregate dollars and as a percentage of total revenue for the three months ended June 30, 2022, versus the comparable 2021 period. The increase in aggregate dollars for the three months ended June 30, 2022, versus the comparable 2021 periods was primarily driven by an increase in payroll and related employee costs,

share-based compensation, other costs, and marketing programs. The increase in payroll and related employee costs is due to increased headcount associated with the acquisitions of Moov and Edgecast. Share-based compensation increased primarily as a result of our acquisition of Moov in September 2021. The increase in other costs was mainly due to fees and licenses and professional fees (casual labor), partially off-set by lower facility costs. Marketing program expenses increased due to increased trade show, and promotional and advertising costs.

Our sales and marketing expense increased in aggregate dollars and decreased as a percentage of total revenue for the six months ended June 30, 2022, versus the comparable 2021 period. The increase in aggregate dollars for the six months ended June 30, 2022, versus the comparable 2021 periods was primarily driven by an increase in share-based compensation, marketing programs, and other costs. Share-based compensation increased primarily as a result of our acquisition of Moov in September 2021. Marketing program expenses increased due to increased trade show, and promotional and advertising costs. The increase in other costs was mainly due to fees and licenses and professional fees (casual labor), partially off-set by lower facilities costs.

We expect our sales and marketing expenses for 2022 to increase in both aggregate dollars and as a percentage of total revenue.

Research and Development

Research and development expense was composed of the following (in thousands and as a percentage of total revenue):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
Payroll and related employee costs	$ 6,022	8.1 %	$ 3,034	6.3 %	$ 10,111	7.6 %	$ 7,208	7.2 %
Share-based compensation	3,423	4.6 %	614	1.3 %	6,743	5.1 %	985	1.0 %
Other costs	2,716	3.7 %	1,539	3.2 %	4,884	3.7 %	3,122	3.1 %
Total research and development	$ 12,161	16.4 %	$ 5,187	10.7 %	$ 21,738	16.4 %	$ 11,315	11.4 %

Our research and development expense increased in both aggregate dollars and as a percentage of total revenue for the three and six months ended June 30, 2022, versus the comparable 2021 period.

The increase in aggregate dollars during the three months ended June 30, 2022, versus the comparable 2021 periods was primarily driven by an increase in payroll and related employee costs, share-based compensation, and other costs. The increase in payroll and related employee costs is due to increased headcount associated with the acquisitions of Moov and Edgecast. Share-based compensation increased primarily as a result of our acquisition of Moov in September 2021. The increase in other costs, was primarily due to increased professional fees (casual labor, consulting) and increased fees and licenses, partially off-set by lower facilities and other employee costs.

The increase in aggregate dollars during the six months ended June 30, 2022, versus the comparable 2021 periods was primarily driven by an increase in share-based compensation, payroll and related employee costs, and other costs. Share-based compensation increased primarily as a result of our acquisition of Moov Corporation in September 2021. The increase in payroll and related employee costs is due to increased headcount associated with the Moov Corporation and Edgecast acquisitions. The increase in other costs, was primarily due to increased professional fees (casual labor, consulting) and increased fees and licenses, partially off-set by lower facilities and other employee costs.

We expect our research and development expenses for 2022 to increase in both aggregate dollars and as a percentage of total revenue.

Depreciation and Amortization (Operating Expenses)

Depreciation expense consists of depreciation on equipment and furnishings used by general administrative, sales and marketing, and research and development personnel. Amortization expense consists of amortization of acquired intangible assets.

Depreciation and amortization expense was $1,508, or 2.0% of revenue, for the three months ended June 30, 2022, versus $549, or 1.1% of revenue, for the comparable 2021 period. Depreciation and amortization expense was $2,540, or 1.9% of revenue, for the six months ended June 30, 2022, versus $1,089, or 1.0% of revenue, for the comparable 2021 period.

The increase in depreciation and amortization expense for the three and six months ended June 30, 2022, versus the

comparable 2021 period was primarily due to the amortization of intangible assets acquired in our business combination in September 2021 and our business acquisition in June 2022. For the three and six months ended June 30, 2022, amortization of intangibles was approximately $1,172 and $1,958, respectively.

Restructuring Charges

The restructuring charge for the three and six month period ended June 30, 2022, was the result of management's commitment to restructure certain parts of the company to focus on cost efficiencies, improved growth and profitability, and align our workforce and facility requirements with our continued investment in the business. As a result, we are incurring certain charges for facilities, right of use assets, outside service contracts, and professional fees. Please refer to Note 11 "Restructuring Charge" of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. We expect to incur approximately $2,000 of additional restructure charges primarily for consulting fees to restructure our datacenter architecture over the next 18 months.

Interest Expense

Interest expense was $1,315 for the three months ended June 30, 2022, versus $1,305 for the comparable 2021 period. For the six months ended June 30, 2022, interest expense was $2,628 versus $2,591 for the comparable 2021 period. Interest expense includes expense associated with the issuance of our senior convertible notes in July 2020 and fees associated with the Loan and Security Agreement (as amended, the Credit Agreement) with Silicon Valley Bank ("SVB") originally entered into in November 2015.

Interest Income

Interest income was $33 for the three months ended June 30, 2022, versus $42 for the comparable 2021 period. For the six months ended June 30, 2022, interest income was $60 versus $87 for the comparable 2021 period. Interest income includes interest earned on invested cash balances and marketable securities.

Other Income (Expense)

Other expense was $1,146 for the three months ended June 30, 2022, versus other expense of $440 for the comparable 2021 period. For the six months ended June 30, 2022, other expense was $1,859 versus other expense of $655 for the comparable 2021 period. For the three and six months ended June 30, 2022, other expense consisted primarily of foreign currency transaction gains and losses. For the three and six months ended June 30, 2021, other expense consisted primarily of foreign currency transaction gains and losses, legal settlement, and the gain/loss on sale of fixed assets.

Income Tax Expense (Benefit)

Based on an estimated annual effective tax rate and discrete items, the estimated income tax (benefit) expense for the three months ended June 30, 2022 was $(19,589), versus $248 for the comparable 2021 period. For the six months ended June 30, 2022, income tax (benefit) expense was $(19,383), versus $507 for the comparable 2021 period. Income tax (benefit) expense on our income (loss) before income taxes was different than the statutory income tax rate primarily due to the release of a partial valuation allowance due to the Edgecast Acquisition and Edgecast's net deferred tax liabilities, and recording of state and foreign tax expense for the quarter. The effective income tax rate is based primarily upon forecasted income or loss for the year, the composition of the income or loss in different countries, and adjustments, if any, for the potential tax consequences, benefits or resolutions for tax audits.

Liquidity and Capital Resources

As of June 30, 2022, our cash, cash equivalents, and marketable securities classified as current totaled $77,333. Included in this amount is approximately $10,816 of cash and cash equivalents held outside the United States. Changes in cash, cash equivalents and marketable securities are dependent upon changes in, among other things, working capital items such as deferred revenues, accounts payable, accounts receivable, accrued provision for litigation, and various accrued expenses, as well as purchases of property and equipment and changes in our capital and financial structure due to debt repurchases and issuances, stock option exercises, sales of equity investments, and similar events.

Cash from operations could also be affected by various risks and uncertainties, including, but not limited to, the effects of the COVID-19 pandemic and other risks detailed in Part II, Item 1A titled "Risk Factors". However, we believe that our existing cash, cash equivalents, and marketable securities, and available borrowing capacity will be sufficient to meet our anticipated cash needs for at least the next 12 months. If the assumptions underlying our business plan regarding future revenue and expenses change or if unexpected opportunities or needs arise, we may seek to raise additional cash by selling equity or debt securities.

The major components of changes in cash flows for the six months ended June 30, 2022 and 2021, are discussed in the following paragraphs.

Operating Activities

Net cash used in operating activities was $19,322 for the six months ended June 30, 2022, versus net cash provided by operating activities of $2,445 for the comparable 2021 period, an increase in net cash used of $21,767. Changes in operating assets and liabilities of $5,868 during the six months ended June 30, 2022, versus $13,728 in the comparable 2021 period, were primarily due to:

- accounts receivable increased $17,956 during the six months ended June 30, 2022, as a result of timing of collections as compared to a $5,962 decrease in the comparable 2021 period;
- prepaid expenses and other current assets increased $4,625 during the six months ended June 30, 2022, primarily due to increases in vendor deposits and other, prepaid expenses, and VAT receivables, compared to a decrease of $439 in the comparable 2021 period;
- accounts payable and other current liabilities increased $26,671 during the six months ended June 30, 2022, versus an increase of $6,732 for the comparable 2021 period primarily due to accrued cost of sales, accounts payable accruals, and increased compensation and benefit costs.

Cash provided by operating activities may not be sufficient to cover new purchases of property and equipment during the remainder of 2022 and beyond. The timing and amount of future working capital changes and our ability to manage our days sales outstanding will also affect the future amount of cash used in or provided by operating activities.

Investing Activities

Net cash provided by investing activities was $27,243 for the six months ended June 30, 2022, versus net cash used in investing activities of $9,203 for the comparable 2021 period. For the six months ended June 30, 2022, net cash provided by investing activities was related to cash acquired in the Edgecast Acquisition and cash received from the sale and maturities of marketable securities, partially offset by capital expenditures, primarily for servers and network equipment associated with the build-out and expansion of our global computing platform, and from purchases of marketable securities. For the six months ended June 30, 2021, net cash used in investing activities was related to the purchase of marketable securities, and capital expenditures primarily for servers and network equipment, partially offset by cash received from the sale and maturities of marketable securities.

We expect to have ongoing capital expenditure requirements as we continue to invest in and expand our network. During the six months ended June 30, 2022, we made capital expenditures of $18,325, which represented approximately 14% of our total revenue. We currently expect capital expenditures in 2022 to be slightly less than 10% of revenue, as we continue to increase the capacity of our global network and re-fresh our systems.

Financing Activities

Net cash provided by financing activities was $6,962 for the six months ended June 30, 2022, versus net cash provided by financing activities of $4,332 for the comparable 2021 period. Net cash provided by financing activities in the six months ended June 30, 2022, primarily relates to cash received from the exercise of stock options of $8,771, offset by the payments of employee tax withholdings related to the net settlement of vested restricted stock units of $1,809.

Net cash provided by financing activities in the six months ended June 30, 2021, primarily relates to cash received from the exercise of stock options of $5,460, offset by the payments of employee tax withholdings related to the net settlement of vested restricted stock units of $1,098.

Convertible Senior Notes and Capped Call Transactions

In July 2020, we issued $125,000 aggregate principal amount of 3.50% Convertible Senior Notes due 2025 (the “Notes”), with an initial conversion rate of 117.2367 shares of our common stock (equal to an initial conversion rate of $8.53 per share), subject to adjustment in some events. The Notes will be senior, unsecured obligations of ours and will be equal in right of payment with our senior, unsecured indebtedness; senior in right of payment to our indebtedness that is expressly subordinated to the Notes; effectively subordinated to our senior, secured indebtedness, including future borrowings, if any, under our $20,000 credit facility with SVB, to the extent of the value of the collateral securing that indebtedness; and structurally subordinated to all indebtedness and other liabilities, including trade payables, and (to the extent we are not a holder thereof) preferred equity, if any, of our subsidiaries. The Notes are governed by an indenture (the "Indenture") between us, as the issuer, and U.S. Bank, National Association, as trustee. The Indenture does not contain any financial covenants.

The Notes mature on August 1, 2025, unless earlier converted, redeemed or repurchased in accordance with their term prior to the maturity date. Interest is payable semiannually in arrears on February 1 and August 1 of each year, beginning on February 1, 2021. We may not redeem the Notes prior to August 4, 2023.

On or after August 4, 2023, and on or before the 40th scheduled trading day immediately before the maturity date, we may redeem for cash all or any portion of the Notes if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption. The redemption price will equal 100% of the principal amount of the Notes being redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the Notes.

As of June 30, 2022, the conditions allowing holders of the Notes to convert had not been met and therefore the Notes are not yet convertible.

In connection with the offering of the Notes, we also entered into privately negotiated capped call transactions (collectively, the “Capped Calls”). The Capped Calls have an initial strike price of approximately $8.53 per share, subject to certain adjustments, which corresponds to the initial conversion price of the Notes. The Capped Calls have an initial cap price of $13.38 per share, subject to certain adjustments. The capped call transactions cover, subject to anti-dilution adjustments, approximately 14.7 million shares of our common stock and are expected to offset the potential economic dilution to our common stock up to the initial cap price.

Line of Credit

In November 2015 we entered into the Credit Agreement with SVB. Since the inception, there have been eight amendments, with the most recent amendment being in September 2021. The maximum principal commitment amount remains at $20,000. Our borrowing capacity is the lesser of the commitment amount or 80% of eligible accounts receivable. All outstanding borrowings owed under the Credit Agreement become due and payable no later than the final maturity date of November 2, 2022. As long as our Adjusted Quick Ratio remains above 1.5 to 1, we no longer are required to submit quarterly borrowing base reports.

As of June 30, 2022, borrowings under the Credit Agreement bear interest at the current prime rate minus 0.25%. In the event of default, obligations shall bear interest at a rate per annum which is 3% above the then applicable rate. As of June 30, 2022, and December 31, 2021, we had no outstanding borrowings, and we had availability under the Credit Agreement of $20,000 and $20,000, respectively.

Financial Covenants and Borrowing Limitations

The Credit Agreement requires, and any future credit facilities will likely require, us to comply with specified financial requirements that may limit the amount we can borrow. A breach of any of these covenants could result in a default. Our ability to satisfy those covenants depends principally upon our ability to meet or exceed certain financial performance results. Any debt agreements we enter into in the future may further limit our ability to enter into certain types of transactions.

We are required to maintain an Adjusted Quick Ratio of at least 1.0 to 1.0. We are also subject to certain customary limitations on our ability to, among other things, incur debt, grant liens, make acquisitions and other investments, make certain restricted payments such as dividends, dispose of assets or undergo a change in control. As of June 30, 2022, we were in compliance with our covenant under the Credit Agreement.

For a more detailed discussion regarding our Credit Agreement, please refer to Note 10 "Debt - Line of Credit" of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

We may be prevented from taking advantage of business opportunities that arise because of the limitations imposed on us by restrictive covenants within the Credit Agreement. These restrictions may also limit our ability to plan for or react to market conditions, meet capital needs or otherwise restrict our activities or business plans and adversely affect our ability to finance our operations, enter into acquisitions, execute our business strategy, effectively compete with companies that are not similarly restricted or engage in other business activities that would be in our interest. In the future, we may also incur debt obligations that might subject us to additional and different restrictive covenants that could affect our financial and operational flexibility. We cannot assure you that we will be granted waivers or amendments to the indenture governing the Credit Agreement, or such other debt obligations if for any reason we are unable to comply with our obligations thereunder or that we will be able to refinance our debt on acceptable terms, or at all, should we seek to do so. Any such limitations on borrowing

under the Credit Agreement, including payments related to litigation, could have a material adverse impact on our liquidity and our ability to continue as a going concern could be impaired.

Share Repurchases

On March 14, 2017, our board of directors authorized a $25,000 share repurchase program. Any shares repurchased under this program will be canceled and returned to authorized but unissued status. During the six months ended June 30, 2022 and 2021, we did not repurchase any shares under the repurchase program. As of June 30, 2022, there remained $21,200 under this share repurchase program.

Contractual Obligations, Contingent Liabilities, and Commercial Commitments

In the normal course of business, we make certain long-term commitments for right-of-use ("ROU") assets, (primarily office facilities) and purchase commitments for bandwidth and computer rack space. These commitments expire on various dates ranging from 2022 to 2030. We expect that the growth of our business will require us to continue to add to and increase our ROU assets and long-term commitments in 2022 and beyond. As a result of our growth strategies, we believe that our liquidity and capital resources requirements will grow.

The following table presents our contractual obligations and commercial commitments, as of June 30, 2022, over the next five years and thereafter:

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Purchase Commitments					
Bandwidth commitments	$ 87,027	$ 37,409	$ 31,368	$ 17,950	$ 300
Rack space commitments	27,107	18,233	8,874	—	—
Total purchase commitments	114,134	55,642	40,242	17,950	300
Right-of-use assets and other operating leases	18,808	5,709	5,544	2,937	4,618
Total commitments	$ 132,942	$ 61,351	$ 45,786	$ 20,887	$ 4,918

Off Balance Sheet Arrangements

As of June 30, 2022, we are not involved in any off-balance sheet arrangements.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our debt and investment portfolio. In our investment portfolio, we do not use derivative financial instruments. Our investments are primarily with our commercial and investment banks and, by policy, we limit the amount of risk by investing primarily in money market funds, United States Treasury obligations, high quality corporate and municipal obligations, and certificates of deposit. Interest expense on our line of credit is at the current prime rate minus 0.25%. In the event of default, obligations shall bear interest at a rate per annum which is 3% above the then applicable rate. An increase in interest rates of 100 basis points would add $10 of interest expense per year, to our financial position or results of operations, for each $1,000 drawn on the line of credit. As of June 30, 2022, there were no outstanding borrowings against the line of credit.

Foreign Currency Risk

We operate in the Americas, EMEA, and Asia-Pacific. As a result of our international business activities, our financial results could be affected by factors such as changes in foreign currency exchange rates or economic conditions in foreign markets, and there is no assurance that exchange rate fluctuations will not harm our business in the future. We have foreign currency exchange rate exposure on our results of operations as it relates to revenues and expenses denominated in foreign currencies. A portion of our cost of revenues and operating expenses are denominated in foreign currencies as are our revenues associated with certain international clients. To the extent that the U.S. dollar weakens, similar foreign currency denominated transactions in the future will result in higher revenues and higher cost of revenues and operating expenses, with expenses having the greater impact on our financial results. Similarly, our revenues and expenses will decrease if the U.S. dollar strengthens against these foreign currencies. Although we will continue to monitor our exposure to currency fluctuations, and,

where appropriate, may use financial hedging techniques in the future to minimize the effect of these fluctuations, we are not currently engaged in any financial hedging transactions. Assuming a 10% weakening of the U.S. dollar relative to our foreign currency denominated revenues and expenses, our net loss for the year ended December 31, 2021, would have been higher by approximately $4,128, and our net loss for the six months ended June 30, 2022, would have been higher by approximately $1,763. There are inherent limitations in the sensitivity analysis presented, primarily due to the assumption that foreign exchange rate movements across multiple jurisdictions are similar and would be linear and instantaneous. As a result, the analysis is unable to reflect the potential effects of more complex markets or other changes that could arise, which may positively or negatively affect our results of operations.

Inflation Risk

Inflation rates throughout the world have increased from prior years. If we cannot increase our revenue through traffic growth or pricing changes to offset cost increases our financial condition and results of operations could be negatively impacted.

Credit Risk

During any given fiscal period, a relatively small number of clients typically account for a significant percentage of our revenue. For the three months ended June 30, 2022 and 2021, sales to our top 20 clients accounted for approximately 74% and 78%, respectively, of our total revenue. During the three months ended June 30, 2022 and 2021, respectively, we had two clients, Amazon and Sony, who each represented more than 10% of our total revenue. For the six months ended June 30, 2022 and 2021, sales to our top 20 clients accounted for approximately 75% and 77%, respectively, of our total revenue. During the six months ended June 30, 2022 and 2021, respectively, we had two clients, Amazon and Sony, who each represented more than 10% of our total revenue.

In 2022, we anticipate that our top 20 client concentration levels will remain consistent with 2021. In the past, the clients that comprised our top 20 clients have continually changed, and our large clients may not continue to be as significant going forward as they have been in the past.

Item 4. *Controls and Procedures*

We are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in SEC Rules 13a-15(e) and 15d-15(e). We maintain disclosure controls and procedures, as such term is defined in SEC Rules 13a-15(e) and 15d-15(e), that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2022. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

In September 2021, we completed the acquisition of Moov which operated under its own set of systems and internal controls. During the six months ended June 30, 2022, we transitioned certain of Moov's processes to our internal control processes and added other internal controls over significant processes specific to the acquisition and to post-acquisition activities, including internal controls associated with the valuation of certain assets acquired and liabilities assumed in the transaction and the process of consolidating the Moov business into our financial statements. We will continue the process of incorporating and aligning the internal control over financial reporting of Moov, into our internal control over financial reporting.

In June 2022, we completed the acquisition of Edgecast which operated under its own set of systems and internal controls. During the six months ended June 30, 2022, we transitioned certain of Edgecast's processes to our internal control processes and added other internal controls over significant processes specific to the acquisition and to post-acquisition activities, including internal controls associated with the valuation of certain assets acquired and liabilities assumed in the transaction and the process of consolidating the Edgecast business into our financial statements. We will continue the process of

incorporating and aligning the internal control over financial reporting of Edgecast, into our internal control over financial reporting.

There were no other changes in our internal control over financial reporting, as defined in SEC Rules 13a-15(f) and 15d-15(f), during the six months ended June 30, 2022, 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*

For a description of our material pending legal proceedings, please refer to Note 12 "Contingencies - Legal Matters" of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. *Risk Factors*

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part I, Item II, and our consolidated financial statements and related notes, before making a decision to invest in our common stock. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment. All information is presented in thousands, except per share amounts, client count, head count and where specifically noted.

Summary of Risk Factors

Our business is subject to numerous risks and uncertainties, including those highlighted in this section titled "Risk Factors" and summarized below. We have various categories of risks, including risks relating to our industry dynamics and competition; operations; clients and demand for our services; management of our human capital; intellectual property, litigation and regulatory concerns; effects of the COVID-19 pandemic; strategic transactions; and general risks associated with ownership of our common stock, which are discussed more fully below. As a result, this risk factor summary does not contain all of the information that may be important to you, and you should read this risk factor summary together with the more detailed discussion of risks and uncertainties set forth following this section under the heading "Risk Factors," as well as elsewhere in this Quarterly Report on Form 10-Q. Additional risks, beyond those summarized below or discussed elsewhere in this Quarterly Report on Form 10-Q, may apply to our business, activities or operations as currently conducted or as we may conduct them in the future or in the markets in which we operate or may in the future operate. These risks include, but are not limited to, the following:

- If we are unable to develop, improve, and expand our new services, to extend enhancements to the existing portfolio of services that we offer, or if we fail to predict and respond to emerging technological trends and clients' changing needs, our operating results and market share may suffer.
- We currently face competition from established competitors and may face competition from others in the future.
- Any unplanned interruption or degradation in the functioning or availability of our network or services, or attacks on or disruptions to our internal information technology systems, could lead to increased costs, a significant decline in our revenue, and harm to our reputation.
- If we are unable to sell our services at acceptable prices relative to our costs, our revenue and gross margins will decrease, and our business and financial results will suffer.
- Our operations are dependent in part upon communications capacity provided by third party telecommunications providers. A material disruption of the communications capacity could harm our results of operations, reputation and client relations.
- Our business depends on continued and unimpeded access to third party-controlled end-user access networks.
- We depend on a limited number of clients for a substantial portion of our revenue in any fiscal period, and the loss of, or a significant shortfall in demand from, these clients could significantly harm our results of operations.
- Many of our significant current and potential clients are pursuing emerging or unproven business models, which, if unsuccessful, or ineffective at monetizing delivery of their content, could lead to a substantial decline in demand for our content delivery and other services.
- If we are unable to attract new clients or to retain our existing clients, or revenue could be lower than expected and our operating results may suffer.
- If we are unable to retain our key employees and hire qualified personnel, our ability to compete could be harmed.
- If we are not successful in completing pending acquisitions, or integrating completed acquisitions in a timely manner, we may be required to reevaluate our business strategy, and we may incur substantial expenses and devote significant management time and resources without a productive result.
- Our business may be adversely affected if we are unable to protect our intellectual property rights from unauthorized use or infringement by third parties.

- We need to defend our intellectual property and processes against patent or copyright infringement claims, which may cause us to incur substantial costs and threaten our ability to do business.
- The effects of the COVID-19 pandemic have materially affected how we and our clients are operating our businesses, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain.
- Our indebtedness and liabilities could limit the cash flow available for our operations, expose us to risks that could adversely affect our business, financial condition, and results of operations and impair our ability to satisfy our obligations under the Notes.
- The trading price of our common stock has been, and is likely to continue to be, volatile.
- Our results of operations may fluctuate in the future. As a result, we may fail to meet or exceed the expectations of securities analysts or investors, which could cause our stock price to decline.
- We have a history of losses, and we may not achieve or maintain profitability in the future.

Risks Related to Industry Dynamics and Competition

We currently face competition from established competitors and may face competition from others in the future.

We compete in markets that are intensely competitive, where differentiation is primarily measured by performance and cost where the difference between providers can be as small as a fraction of a percent or penny. In these markets, vendors offer a wide range of alternate solutions, and in a multi-CDN environment, our clients can route traffic to us, or away from us, within seconds, and at minimal costs. This naturally results in on-going price compression, and increased competition on features, functionality, integration and other factors. Several of our current competitors, as well as a number of our potential competitors, have longer operating histories, greater name recognition, broader client relationships and industry alliances, and substantially greater financial, technical and marketing resources than we do. As a consequence of the hyper competitive dynamics in our markets, we have experienced price compression, and an increased requirement for product advancement and innovation in order to remain competitive, which in turn have adversely affected and may continue to adversely affect our revenue, gross margin and operating results.

Our primary competitors for our services include, among others, Akamai, Lumen Technologies, Amazon, Fastly, and StackPath. In addition, a number of companies have recently entered or are currently attempting to enter our market, either directly or indirectly. These new entrants include companies that have built internal content delivery networks to solely deliver their own traffic, rather than relying solely, largely or in part on content delivery specialists, such as us. Some of these new entrants may become significant competitors in the future. Given the relative ease by which clients typically can switch among service providers in a multi-CDN environment, differentiated offerings or pricing by competitors could lead to a rapid loss of clients. Some of our current or potential competitors may bundle their offerings with other services, software or hardware in a manner that may discourage content providers from purchasing the services that we offer. In addition, we face different market characteristics and competition with local content delivery service providers as we expand internationally. Many of these international competitors are very well positioned within their local markets. Increased competition could result in price reductions and revenue shortfalls, loss of clients and loss of market share, which could harm our business, financial condition and results of operations.

If we are unable to develop, improve, and expand our new services, to extend enhancements to the existing portfolio of services that we offer, or if we fail to predict and respond to emerging technological trends and clients' changing needs, our operating results and market share may suffer.

The market for our services is characterized by rapidly changing technology, evolving industry standards, and new product and service introductions. Our operating results depend on our ability to help our clients deliver better digital experiences to their customers, understand user preferences, and predict industry changes. Our operating results also depend on our ability to improve and expand our solutions and services on a timely basis, and develop and extend new services into existing and emerging markets. This process is complex and uncertain. We must commit significant resources to improving and expanding our existing services before knowing whether our investments will result in services the market will accept. Furthermore, we may not successfully execute our initiatives because of errors in planning or timing, technical hurdles that we fail to overcome in a timely fashion, misunderstandings about market demand or a lack of appropriate resources. As prices for our core services fall, we will increasingly rely on new capabilities, product offerings, and other service offerings to maintain or increase our gross margins. Failures in execution, delays in improving and expanding our services, failures to extend our service offerings, or a market that does not accept the services and capabilities we introduce could result in competitors providing more differentiation than we do, which could lead to loss of market share, revenue, and earnings.

Risks Relating to Our Operations

Any unplanned interruption or degradation in the functioning or availability of our network or services, or attacks on or disruptions to our internal information technology systems, could lead to increased costs, a significant decline in our revenue, and harm to our reputation.

Our business is dependent on providing our clients with an exceptional digital experience that is fast, efficient, safe, and reliable, every minute of every day. Our services could be disrupted by numerous events, including natural disasters, failure or refusal of our third-party network providers to provide the necessary capacity or access, failure of our software or global network infrastructure and power losses. In addition, we deploy our servers in third-party co-location facilities, and these third-party co-location providers could experience system outages or other disruptions that could constrain our ability to deliver our services.

We may also experience business disruptions caused by security incidents, such as software viruses and malware, unauthorized hacking, DDoS attacks, security system control failures in our own systems or from vendors we or our clients use, email phishing, software vulnerabilities, social engineering, or other cyberattacks. These types of security incidents have been increasing in sophistication and frequency and sometimes result in the unauthorized access to or use of, and/or loss of intellectual property, client or employee data, trade secrets, or other confidential information. The economic costs to us to eliminate or alleviate cyber or other security problems, viruses, worms, malicious software programs, and other security vulnerabilities could be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service, and loss of existing or potential clients.

Any material interruption or degradation in the functioning of our services for any reason could reduce our revenue and harm our reputation with existing and potential clients, and thus adversely impact our business and results of operations. This is true even if such interruption or degradation was for a relatively short period of time, but occurred during the streaming of a significant live event, launch by a client of a new streaming service, or the launch of a new video-on-demand offering.

If we are unable to sell our services at acceptable prices relative to our costs, our revenue and gross margins will decrease and our business and financial results will suffer.

Our once innovative and highly valued content delivery service has become commoditized in its current form and we are often in a multi-CDN supplier environment, where our clients can route traffic to us, or away from us, within seconds. This naturally results in on-going price compression. Simultaneously, we invest significant amounts in purchasing capital equipment as part of our effort to increase the capacity of our global network. Our investments in our infrastructure are based upon our assumptions regarding future demand, anticipated network utilization, as well as prices that we will be able to charge for our services. These assumptions may prove to be wrong. If the price that we are able to charge clients to deliver their content falls to a greater extent than we anticipate, if we over-estimate future demand for our services, are unable to achieve an acceptable rate of network utilization, or if our costs to deliver our services do not fall commensurate with any future price declines, we may not be able to achieve acceptable rates of return on our infrastructure investments, and our gross profit and results of operations may suffer dramatically.

As we further expand our global network and services, and as we refresh our network equipment, we are dependent on significant future growth in demand for our services to justify additional capital expenditures. If we fail to generate significant additional demand for our services, our results of operations will suffer, and we may fail to achieve planned or expected financial results. There are numerous factors that could, alone or in combination with other factors, impede our ability to increase revenue, moderate expenses, or maintain gross margins, including:

- continued price declines arising from significant competition;
- increasing settlement fees for certain peering relationships;
- failure to increase sales of our services;
- increases in electricity, bandwidth and rack space costs or other operating expenses, and failure to achieve decreases in these costs and expenses relative to decreases in the prices we can charge for our services and products;
- failure of our current and planned services and software to operate as expected;
- loss of any significant or existing clients at a rate greater than our increase in sales to new or existing clients;
- failure to increase sales of our services to current clients as a result of their ability to reduce their monthly usage of our services to their minimum monthly contractual commitment;
- failure of a significant number of clients to pay our fees on a timely basis or at all or to continue to purchase our services in accordance with their contractual commitments; and
- inability to attract high quality clients to purchase and implement our current and planned services.

A significant portion of our revenue is derived collectively from our video delivery, cloud security, edge compute, origin storage, and support services. These services tend to have higher gross margins than our content delivery services. We

may not be able to achieve the growth rates in revenue from such services that we or our investors expect or have experienced in the past. If we are unable to achieve the growth rates in revenue that we expect for these service offerings, our revenue and operating results could be significantly and negatively affected.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations. As of December 31, 2021, we had federal and state net operating loss carryforwards, or NOLs, of $278,300 and $183,600, respectively, due to prior period losses. In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an "ownership change" can be subject to limitations on its ability to utilize its NOLs to offset future taxable income. Our existing NOLs may be subject to limitations arising from past ownership changes. Future changes in our stock ownership, some of which are outside of our control, could result in an ownership change under Section 382 of the Code. In addition, under the Tax Cuts and Jobs Act (the "Tax Act"), the amount of post 2017 NOLs that we are permitted to deduct in any taxable year is limited to 80% of our taxable income in such year, where taxable income is determined without regard to the NOL deduction itself. In addition, the Tax Act generally eliminates the ability to carry back any NOL to prior taxable years, while allowing post 2017 unused NOLs to be carried forward indefinitely. There is a risk that due to changes under the Tax Act, regulatory changes, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. For these reasons, we may not be able to realize a tax benefit from the use of our NOLs, whether or not we attain profitability.

We may have difficulty scaling and adapting our existing architecture to accommodate increased traffic and technology advances or changing business requirements. This could lead to the loss of clients and cause us to incur unexpected expenses to make network improvements.

Our services and solutions are highly complex and are designed to be deployed in and across numerous large and complex networks. Our global network infrastructure has to perform well and be reliable for us to be successful. We will need to continue to invest in infrastructure and client success to account for the continued growth in traffic (and the increased complexity of that traffic) delivered via networks such as ours. We have spent and expect to continue to spend substantial amounts on the purchase and lease of equipment and data centers and the upgrade of our technology and network infrastructure to handle increased traffic over our network, implement changes to our network architecture and integrate existing solutions and to roll out new solutions and services. For example, during 2021, we increased our network capacity by more than 20% to over 108 terabits per second through software enhancements and hardware additions. This expansion is expensive and complex and could result in inefficiencies, operational failures or defects in our network and related software. If we do not implement such changes or expand successfully, or if we experience inefficiencies and operational failures, the quality of our solutions and services and user experience could decline. Cost increases or the failure to accommodate increased traffic or these evolving business demands without disruption could harm our operating results and financial condition. For example, supply chain disruptions due to the ongoing COVID-19 pandemic, natural disasters, increased demand, and political unrest (among other reasons) impact, and will likely continue to impact, our ability to procure equipment for upgrades, replacement parts, and network expansion within our expected price range or in extreme cases, at all. Global supply chain issues also affect our ability to timely deploy equipment, such as servers and other components required to keep our network up-to-date and growing to meet our clients' needs. Such delays in procuring and deploying the equipment required for our network could affect the quality and delivery time of services to our existing clients and prevent us from acquiring the network equipment needed to expand our business. Also, from time to time, we have needed to correct errors and defects in our software or in other aspects of our network. In the future, there may be additional errors and defects that may harm our ability to deliver our services, including errors and defects originating with third party networks or software on which we rely. These occurrences could damage our reputation and lead to the loss of current and potential clients, which would harm our operating results and financial condition.

Rapid increase in the use of mobile and other devices to access the internet present significant development and deployment challenges.

The number of people who access the internet through devices other than PCs, including mobile devices, game consoles, and television set-top devices continues to increase dramatically. The capabilities of these devices are advancing exponentially, and the increasing need to provide a high-quality video experience will present us with significant challenges. If we are unable to deliver our service offerings to a substantial number of alternative device users and at a high quality, or if we are slow to develop services and technologies that are more compatible with these devices, we may fail to capture a significant share of an important portion of the market. Such a failure could limit our ability to compete effectively in an industry that is rapidly growing and changing, which, in turn, could cause our business, financial condition and results of operations to suffer.

Our operations are dependent in part upon communications capacity provided by third party telecommunications providers. A material disruption of the communications capacity could harm our results of operations, reputation and client relations.

We enter into arrangements for private line capacity for our backbone from third party providers. Our contracts for private line capacity generally have terms of three to four years. The communications capacity may become unavailable for a variety of reasons, such as physical interruption, technical difficulties, contractual disputes, or the financial health of our third party providers. Also, industry consolidation among communications providers could result in fewer viable market alternatives, which could have an impact on our costs of providing services. Alternative providers are currently available; however, it could be time consuming and expensive to promptly identify and obtain alternative third party connectivity. Additionally, as we grow, we anticipate requiring greater private line capacity than we currently have in place. If we are unable to obtain such capacity from third party providers on terms commercially acceptable to us or at all, our business and financial results would suffer. Similarly, if we are unable to timely deploy enough network capacity to meet the needs of our client base or effectively manage the demand for our services, our reputation and relationships with our clients would be harmed, which, in turn, could harm our business, financial condition and results of operations.

We face risks associated with international operations that could harm our business.

We have operations in numerous foreign countries and may continue to expand our sales and support organizations internationally. As part of our business strategy, we intend to expand our international network infrastructure. Expansion could require us to make significant expenditures, including the hiring of local employees or resources, in advance of generating any revenue. As a consequence, we may fail to achieve profitable operations that will compensate our investment in international locations. We are subject to a number of risks associated with international business activities that may increase our costs, lengthen our sales cycle and require significant management attention. These risks include, but are not limited to:

- increased expenses associated with sales and marketing, deploying services and maintaining our infrastructure in foreign countries;
- competition from local service providers, many of which are very well positioned within their local markets;
- challenges caused by distance, language, and cultural differences;
- unexpected changes in regulatory requirements preventing or limiting us from operating our global network or resulting in unanticipated costs and delays;
- interpretations of laws or regulations that would subject us to regulatory supervision or, in the alternative, require us to exit a country, which could have a negative impact on the quality of our services or our results of operations;
- legal systems that may not adequately protect contract and intellectual property rights, policies, and taxation, the physical infrastructure of the country;
- potential political turmoil;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- corporate and personal liability for violations of local laws and regulations;
- currency exchange rate fluctuations and repatriation of funds;
- potentially adverse tax consequences;
- credit risk and higher levels of payment fraud; and
- foreign exchange controls that might prevent us from repatriating cash earned outside the United States.

There can be no assurance that these international risks will not materially adversely affect our business. Should there be significant productivity losses, or if we become unable to conduct operations in international locations in the future, and our contingency plans are unsuccessful in addressing the related risks, our business could be adversely affected.

Our business depends on continued and unimpeded access to third party controlled end-user access networks.

Our services depend on our ability to access certain end-user access networks in order to complete the delivery of rich media and other online content to end-users. Some operators of these networks may take measures that could degrade, disrupt or increase the cost of our or our clients' access to certain of these end-user access networks. Such measures may include restricting or prohibiting the use of their networks to support or facilitate our services, or charging increased fees to us, our clients or end-users in connection with our services. In 2015, the U.S. Federal Communications Commission (the "FCC") released network neutrality and open Internet rules that reclassified broadband Internet access services as a telecommunications service subject to some elements of common carrier regulation. Among other things, the FCC order prohibited blocking or discriminating against lawful services and applications and prohibited "paid prioritization," or providing faster speeds or other benefits in return for compensation. In 2017, the FCC overturned these rules. As a result, we or our clients could experience increased cost or slower data on these third-party networks. If we or our clients experience increased cost in delivering content to end users, or otherwise, or if end users perceive a degradation of quality, our business and that of our clients may be significantly harmed. This or other types of interference could result in a loss of existing clients, increased costs and impairment of our ability to attract new clients, thereby harming our revenue and growth.

In addition, the performance of our infrastructure depends in part on the direct connection of our network to a large number of end-user access networks, known as peering, which we achieve through mutually beneficial cooperation with these

networks. In some instances, network operators charge us for the peering connections. If, in the future, a significant percentage of these network operators elected to no longer peer with our network or peer with our network on less favorable economic terms, then the performance of our infrastructure could be diminished, our costs could increase and our business could suffer.

We use certain “open-source” software, the use of which could result in our having to distribute our proprietary software, including our source code, to third parties on unfavorable terms, which could materially affect our business.

Certain of our service offerings use software that is subject to open-source licenses. Open-source code is software that is freely accessible, usable and modifiable. Certain open-source code is governed by license agreements, the terms of which could require users of such open-source code to make any derivative works of such open-source code available to others on unfavorable terms or at no cost. Because we use open-source code, we may be required to take remedial action to protect our proprietary software. Such action could include replacing certain source code used in our software, discontinuing certain of our products or features or taking other actions that could divert resources away from our development efforts.

In addition, the terms relating to disclosure of derivative works in many open-source licenses are unclear. We periodically review our compliance with the open-source licenses we use and do not believe we will be required to make our proprietary software freely available. Nevertheless, if a court interprets one or more such open-source licenses in a manner that is unfavorable to us, we could be required to make some components of our software available at no cost, which could materially and adversely affect our business and financial condition.

Our business requires the continued development of effective business support systems to support our client growth and related services.

The growth of our business depends on our ability to continue to develop effective business support systems. This is a complicated undertaking requiring significant resources and expertise. Business support systems are needed for implementing client orders for services, delivering these services, and timely and accurate billing for these services. The failure to continue to develop effective business support systems could harm our ability to implement our business plans and meet our financial goals and objectives.

Risks Relating to our Clients and Demand for our Services

We depend on a limited number of clients for a substantial portion of our revenue in any fiscal period, and the loss of, or a significant shortfall in demand from, these clients could significantly harm our results of operations.

A relatively small number of clients typically account for a significant percentage of our revenue. For the six months ended June 30, 2022, sales to our top 20 clients accounted for approximately 75% of our total revenue and we had two clients, Amazon and Sony, which each represented more than 10% of our total revenue.

In the past, the clients that comprised our top 20 clients have continually changed, and we also have experienced significant fluctuations in our individual clients’ usage of, or decreased usage of, our services. As a consequence, we may not be able to adjust our expenses in the short term to address the unanticipated loss of a large client during any particular period. As such, we may experience significant, unanticipated fluctuations in our operating results that may cause us to not meet our expectations or those of stock market analysts, which could cause our stock price to decline.

Rapidly evolving technologies or new business models could cause demand for our services to decline or could cause these services to become obsolete.

Clients, potential clients, or third parties may develop technological or business model innovations that address digital delivery requirements in a manner that is, or is perceived to be, equivalent or superior to our service offerings. This is particularly true as our clients increase their operations and begin expending greater resources on delivering their content using third party solutions. If we fail to offer services that are competitive to in-sourced solutions, we may lose additional clients or fail to attract clients that may consider pursuing this in-sourced approach, and our business and financial results would suffer.

If competitors introduce new products or services that compete with or surpass the quality or the price or performance of our services, we may be unable to renew our agreements with existing clients or attract new clients at the prices and levels that allow us to generate attractive rates of return on our investment. We may not anticipate such developments and may be unable to adequately compete with these potential solutions. In addition, our clients’ business models may change in ways that we do not anticipate, and these changes could reduce or eliminate our clients’ needs for our services. If this occurred, we could lose clients or potential clients, and our business and financial results would suffer.

As a result of these or similar potential developments, it is possible that competitive dynamics in our market may require us to reduce our prices faster than we anticipate, which could harm our revenue, gross margin and operating results.

Many of our significant current and potential clients are pursuing emerging or unproven business models, which, if unsuccessful, or ineffective at monetizing delivery of their content, could lead to a substantial decline in demand for our content delivery and other services.

Many of our clients' business models that center on the delivery of rich media and other content to users remain unproven. Some of our clients will not be successful in selling advertising, subscriptions, or otherwise monetizing the content we deliver on their behalf, and consequently, may not be successful in creating a profitable business model. This will result in some of our clients discontinuing their business operations and discontinuing use of our services and solutions. Further, any deterioration and related uncertainty in the global financial markets and economy, such as that caused by the COVID-19 pandemic, could result in reductions in available capital and liquidity from banks and other providers of credit, fluctuations in equity and currency values worldwide, and concerns that portions of the worldwide economy may be in a prolonged recessionary period. In addition, as the COVID-19 pandemic adversely affects the global financial markets and economy, it may also have the effect of heightening many of the other risks described in this ''Risk Factors'' section. Any of this could materially adversely impact our clients' access to capital or willingness to spend capital on our services or, in some cases, ultimately cause the client to exit their business. This uncertainty may also impact our clients' levels of cash liquidity, which could affect their ability or willingness to timely pay for services that they will order or have already ordered from us. From time to time we discontinue service to clients for non-payment of services. We expect clients may discontinue operations or not be willing or able to pay for services that they have ordered from us.

If we are unable to attract new clients or to retain our existing clients, our revenue could be lower than expected and our operating results may suffer.

If our existing and prospective clients do not perceive our services to be of sufficiently high value and quality, we may not be able to retain or expand business with our current clients or attract new clients. We sell our services pursuant to service agreements that generally include some form of financial minimum commitment. Our clients have no obligation to renew their contracts for our services after the expiration of their initial commitment, and these service agreements may not be renewed at the same or higher level of service, if at all. Moreover, under some circumstances, some of our clients have the right to cancel their service agreements prior to the expiration of the terms of their agreements. Aside from minimum financial commitments, clients are not obligated to use our services for any particular type or amount of traffic. For those clients which utilize a multi-CDN strategy, they can route traffic to us, or away from us, within seconds. These facts, in addition to the hyper competitive landscape in our market, means that we cannot accurately predict future client renewal rates or usage rates. Our clients' usage or renewal rates may decline or fluctuate as a result of a number of factors, including:

- their satisfaction or dissatisfaction with our services;
- the quality and reliability of our network;
- the prices of our services;
- the prices of services offered by our competitors;
- discontinuation by our clients of their internet or web-based content distribution business;
- mergers and acquisitions affecting our client base; and
- reductions in our clients' spending levels.

If our clients do not renew their service agreements with us, or if they renew on less favorable terms, our revenue may decline and our business may suffer. Similarly, our client agreements often provide for minimum commitments that are often significantly below our clients' historical usage levels. Consequently, even if we have agreements with our clients to use our services, these clients could significantly curtail their usage without incurring any penalties under our agreements. In this event, our revenue would be lower than expected and our operating results could suffer. It also is an important component of our growth strategy to market our services and solutions to particular industries or market segments. As an organization, we may not have significant experience in selling our services into certain of these markets. Our ability to successfully sell our services into these markets to a meaningful extent remains unproven. If we are unsuccessful in such efforts, our business, financial condition and results of operations could suffer.

We generate our revenue primarily from the sale of content delivery services, and the failure of the market for these services to expand as we expect or the reduction in spending on those services by our current or potential clients would seriously harm our business.

While we offer our clients a number of services and solutions, we generate the majority of our revenue from charging our clients for the content delivered on their behalf through our global network. We are subject to an elevated risk of reduced demand for these services. Furthermore, if the market for delivery of rich media content in particular does not continue to grow as we expect or grows more slowly, then we may fail to achieve a return on the significant investment we are making to prepare for this growth. Our success, therefore, depends on the continued and increasing reliance on the internet for delivery of media content and our ability to cost-effectively deliver these services. Many different factors may have a general tendency to limit or

reduce the number of users relying on the internet for media content, the amount of content consumed by our clients' users, or the number of providers making this content available online, including, among others:

- a general decline in internet usage;
- third party restrictions on online content, including copyright, digital rights management, and geographic restrictions;
- system impairments or outages, including those caused by hacking or cyberattacks; and
- a significant increase in the quality or fidelity of off-line media content beyond that available online to the point where users prefer the off-line experience.

The influence of any of these or other factors may cause our current or potential clients to reduce their spending on content delivery services, which would seriously harm our operating results and financial condition.

If our ability to deliver media files in popular proprietary content formats was restricted or became cost-prohibitive, demand for our content delivery services could decline, we could lose clients and our financial results could suffer.

Our business depends on our ability to deliver media content in all major formats. If our legal right or technical ability to store and deliver content in one or more popular proprietary content formats was limited, our ability to serve our clients in these formats would be impaired and the demand for our services would decline by clients using these formats. Owners of propriety content formats may be able to block, restrict, or impose fees or other costs on our use of such formats, which could lead to additional expenses for us and for our clients, or which could prevent our delivery of this type of content altogether. Such interference could result in a loss of clients, increased costs, and impairment of our ability to attract new clients, any of which would harm our revenue, operating results, and growth.

Risks Relating to Human Capital Management

Failure to effectively enhance our sales capabilities could harm our ability to increase our client base and achieve broader market acceptance of our services.

Increasing our client base and achieving broader market acceptance of our services will depend to a significant extent on our ability to enhance our sales and marketing operations. We have a widely deployed field sales force. Our sales personnel are closer to our current and potential clients. Nevertheless, adjustments that we make to improve productivity and efficiency to our sales force have been and will continue to be expensive and could cause some near-term productivity impairments. As a result, we may not be successful in improving the productivity and efficiency of our sales force, which could cause our results of operations to suffer.

We believe that there is significant competition for sales personnel with the sales skills and technical knowledge that we require. Our ability to achieve significant growth in revenue in the future will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of sales personnel. New hires require significant training and, in most cases, take a significant period of time before they achieve full productivity. Our recent hires and planned hires may not become as productive as we would like, and we may be unable to hire or retain sufficient numbers of qualified individuals in the future in the markets where we do business. Our business will be seriously harmed if our sales force productivity efforts do not generate a corresponding significant increase in revenue.

If we are unable to retain our key employees and hire qualified personnel, our ability to compete could be harmed.

Our future success depends upon the continued services of our executive officers and other key technology, sales, marketing, and support personnel who have critical industry experience and relationships that they rely on in implementing our business plan. There is considerable competition for talented individuals with the specialized knowledge to deliver our services, and this competition affects our ability to hire and retain key employees. Historically, we have experienced a significant amount of employee turnover, especially with respect to our sales personnel. Sales personnel that are relatively new may need time to become fully productive. Inability to retain or hire key employees could disrupt our operations, delay the development and introduction of our services, and negatively impact our ability to sell our services.

Additionally, in connection with the Edgecast Acquisition, we may experience loss or departure of our senior management and other key personnel. If we lose the service of qualified management or other key personnel or are unable to attract and retain the necessary members of senior management or other key personnel, we may not be able to successfully execute on our business strategy, which could have an adverse effect on our business.

Risks Relating to Intellectual Property, Litigation, and Regulations

Our involvement in litigation may have a material adverse effect on our financial condition and operations.

We have been involved in multiple intellectual property lawsuits in the past. We are from time to time party to other lawsuits. The outcome of all litigation is inherently unpredictable. The expenses of defending these lawsuits, particularly fees paid to our lawyers and expert consultants, have been significant to date. If the cost of prosecuting or defending current or future lawsuits continues to be significant, it may continue to adversely affect our operating results during the pendency of such lawsuits. Lawsuits also require a diversion of management and technical personnel time and attention away from other activities to pursue the defense or prosecution of such matters. In addition, adverse rulings in such lawsuits either alone or cumulatively may have an adverse impact on our revenue, expenses, market share, reputation, liquidity, and financial condition. Further, we have recently acquired Moov and Edgecast. Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into similar transactions involving a sale of a line of business or other business combinations. In addition, we may be subject to private actions, collective actions, investigations, and various other legal proceedings by stockholders, clients, employees, suppliers, competitors, government agencies, or others. Even if the lawsuits are without merit, defending against these claims can result in substantial costs, damage to our reputation, and divert significant amounts of management time and resources. If any of these legal proceedings were to be determined adversely to us, or we were to enter into a settlement arrangement, we could be exposed to monetary damages or limits on our ability to operate our business, which could have an adverse effect on our business, liquidity financial condition, and operating results.

We need to defend our intellectual property and processes against patent or copyright infringement claims, which may cause us to incur substantial costs and threaten our ability to do business.

Companies, organizations or individuals, including our competitors and non-practicing entities, may hold or obtain patents or other proprietary rights that would prevent, limit or interfere with our ability to make, use or sell our services or develop new services, which could make it more difficult for us to operate our business. We have been and continue to be the target of intellectual property infringement claims by third parties. Companies holding internet-related patents or other intellectual property rights are increasingly bringing suits alleging infringement of such rights or otherwise asserting their rights and seeking licenses. Any litigation or claims, whether or not valid, could result in substantial costs and diversion of resources from the defense of such claims. In addition, many of our agreements with clients require us to defend and indemnify those clients for third-party intellectual property infringement claims against them, which could result in significant additional costs and diversion of resources. If we are determined to have infringed upon a third party's intellectual property rights, we may also be required to do one or more of the following:

- cease selling, incorporating or using products or services that incorporate the challenged intellectual property;
- pay substantial damages;
- obtain a license from the holder of the infringed intellectual property right, which license may or may not be available on reasonable terms or at all; or
- redesign products or services.

If we are forced to litigate any claims or to take any of these other actions, our business may be seriously harmed.

Our business may be adversely affected if we are unable to protect our intellectual property rights from unauthorized use or infringement by third parties.

We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. We have applied for patent protection in the United States and a number of foreign countries. These legal protections afford only limited protection and laws in foreign jurisdictions may not protect our proprietary rights as fully as in the United States. Monitoring infringement of our intellectual property rights is difficult, and we cannot be certain that the steps we have taken will prevent unauthorized use of our intellectual property rights. Developments and changes in patent law, such as changes in interpretations of the joint infringement standard, could restrict how we enforce certain patents we hold. We also cannot be certain that any pending or future patent applications will be granted, that any future patent will not be challenged, invalidated or circumvented, or that rights granted under any patent that may be issued will provide competitive advantages to us. If we are unable to effectively protect our intellectual property rights, our business may be harmed.

Internet-related and other laws relating to taxation issues, privacy, data security, and consumer protection and liability for content distributed over our network could harm our business.

Laws and regulations that apply to communications and commerce conducted over the internet are becoming more prevalent, both in the United States and internationally, and may impose additional burdens on companies conducting business online or providing internet-related services such as ours. Increased regulation could negatively affect our business directly, as well as the businesses of our clients, which could reduce their demand for our services. For example, tax authorities abroad may impose taxes on the internet-related revenue we generate based on where our internationally deployed servers are located. In addition, domestic and international taxation laws are subject to change. Our services, or the businesses of our clients, may become subject to increased taxation, which could harm our financial results either directly or by forcing our clients to scale

back their operations and use of our services in order to maintain their operations. Also, the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the “Act”), and the regulations promulgated by the FCC under Title II of the Act, may impose obligations on the internet and those participants involved in internet-related businesses. In addition, the laws relating to the liability of private network operators for information carried on, processed by or disseminated through their networks are unsettled, both in the United States and abroad. Network operators have been sued in the past, sometimes successfully, based on the content of material disseminated through their networks. We may become subject to legal claims such as defamation, invasion of privacy and copyright infringement in connection with content stored on or distributed through our network. In addition, our reputation could suffer as a result of our perceived association with the type of content that some of our clients deliver. If we need to take costly measures to reduce our exposure to the risks posed by laws and regulations that apply to communications and commerce conducted over the internet, or are required to defend ourselves against related claims, our financial results could be negatively affected.

Several other laws also could expose us to liability and impose significant additional costs on us. For example, the Digital Millennium Copyright Act has provisions that limit, but do not eliminate, our liability for the delivery of client content that infringe copyrights or other rights, so long as we comply with certain statutory requirements. Also, the Children’s On-line Privacy Protection Act restricts the ability of online services to collect information from minors and the Protection of Children from Sexual Predators Act of 1998 requires online service providers to report evidence of violations of federal child pornography laws under certain circumstances. There are also emerging regulation and standards regarding the collection and use of personal information and protecting the security of data on networks. Compliance with these laws, regulations, and standards is complex and any failure on our part to comply with these regulations may subject us to additional liabilities.

We are subject to stringent privacy and data protection requirements and any actual or perceived failure by us to comply with such requirements could expose us to liability and have an adverse impact on our business.

We are subject to stringent laws and legal requirements that regulate our collection, processing, storage, use and sharing of certain personal information, including the EU’s General Data Protection Regulation (“GDPR”), Brazil’s Lei Geral de Protecao de Dados Pessoais (“LGPD”), and in the United States, the California Consumer Privacy Act (“CCPA”), among others. GDPR specifically imposes strict rules regulating data transfers of personal data from the EU to the United States. These laws and regulations are costly to comply with, could expose us to civil penalties and substantial penalties for non-compliance, as well as private rights of action for data breaches, all of which could increase our potential liability. This could also delay or impede the development or adoption of our products and services, reduce the overall demand for our services, result in negative publicity, increase our operating costs, require significant management time and attention, slow the pace at which we close (or prevent us from closing) sales transactions. Furthermore, these laws have prompted a number of proposals for new US and global privacy legislation, which, if enacted, could add additional complexity and potential legal risk, require additional investment of resources, and impact strategies and require changes in business practices and policies.

We expect that we will continue to face uncertainty as to whether our evolving efforts to comply with our obligations under privacy laws will be sufficient. If we are investigated by data protection regulators, we may face fines and other penalties. Any such investigation or charges by data protection regulators could have a negative effect on our existing business and on our ability to attract and retain new clients.

Privacy concerns could lead to regulatory and other limitations on our business, including our ability to use “cookies” and video player “cookies” that are crucial to our ability to provide services to our clients.

Our ability to compile data for clients depends on the use of “cookies” to identify certain online behavior that allows our clients to measure a website or video’s effectiveness. A cookie is a small file of information stored on a user’s computer that allows us to recognize that user’s browser or video player when the user makes a request for a web page or to play a video. Certain privacy laws regulate cookies and/or require certain disclosures regarding cookies or place restrictions on the sending of unsolicited communications. In addition, internet users may directly limit or eliminate the placement of cookies on their computers by, among other things, using software that blocks cookies, or by disabling or restricting the cookie functions of their internet browser software and in their video player software. If our ability to use cookies were substantially restricted due to the foregoing, or for any other reason, we would have to generate and use other technology or methods that allow the gathering of user data in order to provide services to clients. This change in technology or methods could require significant re-engineering time and resources, and may not be complete in time to avoid negative consequences to our business. In addition, alternative technology or methods might not be available on commercially reasonable terms, if at all. If the use of cookies is prohibited and we are not able to efficiently and cost effectively create new technology, our business, financial condition and results of operations would be materially adversely affected.

Risks Relating to the COVID-19 Pandemic

The effects of the COVID-19 pandemic have materially affected how we and our clients are operating our businesses, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain.

In 2020, the WHO declared COVID-19 a global pandemic. This pandemic adversely affected work forces, organizations, governments, clients, economies, and financial markets globally, and led to an economic downturn and increased market volatility. It also disrupted the normal operations of many businesses, including ours. For example, in response to the outbreak of COVID-19, we activated our pandemic response plan and took several precautionary steps early to safeguard our business and our people, including implementing travel bans and restrictions, temporarily closing offices, and canceling participation in various industry events. The continued persistence of this outbreak, as well as intensified measures undertaken to contain the spread of COVID-19, could decrease consumer spending, adversely affect demand for our technology and services, cause some of our clients and partners to exit their business, cause one or more of our clients to fail to renew, terminate, or renegotiate their contracts, affect the ability of our sales team to travel to potential clients, impact expected spending from new clients, and negatively impact collections of accounts receivable, all of which could adversely affect our business, results of operations, and financial condition. Also, the sales cycle for a new client of our technology and services could lengthen, resulting in a potentially longer delay between increasing operating expenses and the generation of corresponding revenue, if any. We cannot predict whether and to what degree the disruption caused by the COVID-19 pandemic and reactions thereto will continue, and expect to face difficulty accurately predicting our internal forecasts for the foreseeable future. The outbreak also presents challenges as our workforce is currently working remotely and shifting to assisting new and existing clients who are also generally working remotely. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business, results of operations, or financial condition.

Risks Relating to Strategic Transactions

As part of our business strategy, we may acquire businesses or technologies and may have difficulty integrating these operations.

We may seek to acquire businesses or technologies that are complementary to our business in the future. Acquisitions are often complex and involve a number of risks to our business, including, among others:

- the difficulty of integrating the operations, services, solutions and personnel of the acquired companies;
- the potential disruption of our ongoing business;
- the potential distraction of management;
- the possibility that our business culture and the business culture of the acquired companies will not be compatible;
- the difficulty of incorporating or integrating acquired technology and rights;
- expenses related to the acquisition and to the integration of the acquired companies;
- the impairment of relationships with employees and clients as a result of any integration of new personnel;
- employee turnover from the acquired companies or from our current operations as we integrate businesses;
- risks related to the businesses of acquired companies that may continue following the merger; and
- potential unknown liabilities associated with acquired companies.

If we are not successful in completing acquisitions, or integrating completed acquisitions in a timely manner, we may be required to reevaluate our business strategy, and we may incur substantial expenses and devote significant management time and resources without a productive result. Acquisitions will require the use of our available cash or dilutive issuances of securities. Future acquisitions or attempted acquisitions could also harm our ability to achieve profitability. For example, in September 2021, we acquired Moov Corporation and in June 2022, we acquired Edgecast. We have limited experience in making acquisitions. The process of integrating the people and technologies from completed acquisitions will likely require significant time and resources, require significant attention from management, and may disrupt the ordinary functioning of our business, and we may not be able to manage the process successfully, which could adversely affect our business, results of operations, and financial condition.

Risks Related to Investments and Our Outstanding Convertible Notes

If we are required to seek funding, such funding may not be available on acceptable terms or at all.

We believe that our cash, cash equivalents and marketable securities classified as current plus cash from operations will be sufficient to fund our operations and proposed capital expenditures for at least the next twelve months. However, we may need or desire to obtain funding due to a number of factors, including a shortfall in revenue, increased expenses, increased investment in capital equipment, the acquisition of significant businesses or technologies, or adverse judgments or settlements in connection with future, unforeseen litigation. If we do need to obtain funding, it may not be available on commercially

reasonable terms or at all. If we are unable to obtain sufficient funding, our business would be harmed. Even if we were able to find outside funding sources, we might be required to issue securities in a transaction that could be highly dilutive to our investors or we may be required to issue securities with greater rights than the securities we have outstanding today. We might also be required to take other actions that could lessen the value of our common stock, including borrowing money on terms that are not favorable to us. If we are unable to generate or raise capital that is sufficient to fund our operations, we may be required to curtail operations, reduce our capabilities or cease operations in certain jurisdictions or completely.

Servicing our debt may require a significant amount of cash. We may not have sufficient cash flow from our business to pay our indebtedness.

In July 2020, we issued $125,000 aggregate principal amount of the Notes in a private offering. Our ability to make scheduled payments of the principal of, to pay interest on, or to refinance our indebtedness, including the Notes, depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Our business may not generate cash flow from operations sufficient to service our debt or make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional debt or equity financing on terms that may be onerous or highly dilutive. Our ability to refinance any future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. In addition, any of our future debt agreements may contain restrictive covenants that may prohibit us from adopting any of these alternatives. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our debt.

Our indebtedness and liabilities could limit the cash flow available for our operations, expose us to risks that could adversely affect our business, financial condition, and results of operations and impair our ability to satisfy our obligations under the Notes.

We incurred $125,000 principal amount of additional indebtedness as a result of our issuance of the Notes. We may also incur additional indebtedness to meet future financing needs, including under our credit facility with SVB. Our indebtedness could have significant negative consequences for our security holders and our business, results of operations, and financial condition by, among other things:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes;
- limiting our flexibility to plan for, or react to, changes in our business;
- diluting the interests of our stockholders as a result of issuing shares of our stock upon conversion of the Notes; and
- placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital.

Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves, to pay amounts due under our indebtedness, including the Notes, and our cash needs may increase in the future. In addition, the Loan and Security Agreement (as amended, the Credit Agreement) with SVB originally entered into in November 2015 governing our credit facility contains, and any future indebtedness that we may incur may contain, financial and other restrictive covenants that limit our ability to operate our business, raise capital or make payments under our other indebtedness. If we fail to comply with these covenants or to make payments under our indebtedness when due, then we would be in default under that indebtedness, which could, in turn, result in that and our other indebtedness becoming immediately payable in full.

We may be unable to raise the funds necessary to repurchase the Notes for cash following a fundamental change, or to pay any cash amounts due upon conversion, and our other indebtedness may limit our ability to repurchase the Notes or pay cash upon their conversion.

Holders of the Notes may require us to repurchase their Notes following a fundamental change at a cash repurchase price generally equal to the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion, we will satisfy part or all of our conversion obligation in cash unless we elect to settle conversions solely in shares of our common stock. We may not have enough available cash or be able to obtain financing at the time we are required to repurchase the Notes or pay the cash amounts due upon conversion. In addition, applicable law, regulatory authorities, and the agreements governing our other indebtedness may restrict our ability to repurchase the Notes or pay the cash amounts due upon conversion. Our failure to repurchase the Notes or to pay the cash amounts due upon conversion when

required will constitute a default under the indenture governing the Notes. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our other indebtedness, which may result in that other indebtedness becoming immediately payable in full. We may not have sufficient funds to satisfy all amounts due under the other indebtedness and the Notes.

The accounting method for the Notes could adversely affect our reported financial condition and results.

The accounting method for reflecting the Notes on our balance sheet, accruing interest expense for the Notes and reflecting the underlying shares of our common stock in our reported diluted earnings per share may adversely affect our reported earnings and financial condition. We expect that, under applicable accounting principles, the initial liability carrying amount of the Notes will be the fair value of a similar debt instrument that does not have a conversion feature, valued using our cost of capital for straight, non-convertible debt. We expect to reflect the difference between the net proceeds from the offering of the Notes and the initial carrying amount as a debt discount for accounting purposes, which will be amortized into interest expense over the term of the Notes. As a result of this amortization, the interest expense that we expect to recognize for the Notes for accounting purposes will be greater than the cash interest payments we will pay on the Notes, which will result in lower reported income or higher reported losses. The lower reported income or higher reported losses resulting from this accounting treatment could depress the trading price of our common stock and the Notes.

However, in August 2020, the Financial Accounting Standards Board (“FASB”) published Accounting Standards Update ("ASU") 2020-06, eliminating the separate accounting for the debt and equity components as described above. ASU 2020-06 will be effective for SEC-reporting entities for fiscal years beginning after December 15, 2021 (or, in the case of smaller reporting companies, December 15, 2023), including interim periods within those fiscal years. On January 1, 2021, we early adopted ASU 2020-06. The adoption of ASU 2020-06 eliminated the separate accounting described above and will reduce the interest expense that we expect to recognize for the Notes for accounting purposes. In addition, ASU 2020-06 eliminates the use of the treasury stock method for convertible instruments that can be settled in whole or in part with equity, and instead require application of the “if-converted” method. Under that method, if it is adopted, diluted earnings per share would generally be calculated assuming that all the Notes were converted solely into shares of common stock at the beginning of the reporting period, unless the result would be anti-dilutive. The application of the if-converted method may reduce our reported diluted earnings per share. Also, if any of the conditions to the convertibility of the Notes is satisfied, then we may be required under applicable accounting standards to reclassify the liability carrying value of the Notes as a current, rather than a long-term, liability. This reclassification could be required even if no Note-holders convert their Notes and could materially reduce our reported working capital.

Transactions relating to our Notes may affect the value of our common stock.

In connection with the pricing of the Notes, we entered into capped call transactions (collectively, the “Capped Calls”) with one of the initial purchasers of the Notes and other financial institutions (collectively, the “Option Counterparties”). The Capped Calls cover, subject to customary adjustments, the number of shares of common stock initially underlying the Notes. The Capped Calls are expected generally to reduce the potential dilution of our common stock upon conversion of the Notes or at our election (subject to certain conditions) offset any cash payments we are required to make in excess of the aggregate principal amount of converted Notes, as the case may be, with such reduction or offset subject to a cap.

In addition, the Option Counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions following the pricing of the Notes and from time to time prior to the maturity of the Notes (and are likely to do so on each exercise date of the Capped Calls, which are expected to occur during the 40 trading day period beginning on the 41st scheduled trading day prior to the maturity date of the Notes, or following any termination of any portion of the Capped Calls in connection with any repurchase, redemption, or conversion of the Notes if we make the relevant election under the Capped Calls). This activity could also cause or avoid an increase or a decrease in the market price of our common stock.

We are subject to counterparty risk with respect to the Capped Calls.

The Option Counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the Capped Calls. Our exposure to the credit risk of the Option Counterparties will not be secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the Capped Calls with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price subject to the cap and in the volatility of our common stock. In addition, upon a default by an

option counterparty, we may suffer more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the Option Counterparties.

Risks Related to Ownership of Our Common Stock

The trading price of our common stock has been, and is likely to continue to be, volatile.

The trading prices of our common stock and the securities of technology companies generally have been highly volatile. Factors affecting the trading price of our common stock will include:

- variations in our operating results;
- announcements of technological innovations, new services or service enhancements, strategic alliances or significant agreements by us or by our competitors;
- commencement or resolution of, our involvement in and uncertainties arising from litigation;
- recruitment or departure of key personnel;
- changes in the estimates of our operating results or changes in recommendations by securities analysts;
- if we or our stockholders sell substantial amounts of our common stock (including shares issued upon the exercise of options and warrants);
- developments or disputes concerning our intellectual property or other proprietary rights;
- the gain or loss of significant clients;
- market conditions in our industry, the industries of our clients, and the economy as a whole, including the economic impact of the COVID-19 pandemic; and
- adoption or modification of regulations, policies, procedures or programs applicable to our business.

In addition, if the market for technology stocks or the stock market in general experiences loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, operating results or financial condition. The trading price of our common stock might also decline in reaction to events or speculation of events that affect other companies in our industry even if these events do not directly affect us.

If securities or industry analysts do not publish research or reports about our business or if they issue an adverse or misleading opinion or report, our stock, our stock price, and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If an analyst issues an adverse or misleading opinion, our stock price could decline. If one or more of these analysts cease covering us or fails to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Future equity issuances or a sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

Because we may need to raise additional capital in the future to continue to expand our business and our research and development activities, among other things, we may conduct additional equity offerings. If we or our stockholders sell substantial amounts of our common stock (including shares issued upon the exercise of options and warrants) in the public market, the market price of our common stock could fall. A decline in the market price of our common stock could make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

Anti-takeover provisions in our charter documents and Delaware law could discourage, delay or prevent a change in control of our company and may affect the trading price of our common stock.

Provisions of our amended and restated certificate of incorporation and bylaws, as well as provisions of Delaware law, could make it more difficult for a third party to acquire us, even if doing so would benefit our stockholders. These provisions:

- establish that members of the board of directors may be removed only for cause upon the affirmative vote of stockholders owning a majority of our capital stock;
- authorize the issuance of “blank check” preferred stock that could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt;
- limit who may call special meetings of stockholders;
- prohibit action by written consent, thereby requiring stockholder actions to be taken at a meeting of the stockholders;
- establish advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings;
- provide for a board of directors with staggered terms; and
- provide that the authorized number of directors may be changed only by a resolution of our board of directors.

In addition, Section 203 of the Delaware General Corporation Law, which imposes certain restrictions relating to transactions with major stockholders, may discourage, delay or prevent a third party from acquiring us.

General Risk Factors

We are subject to the effects of fluctuations in foreign exchange rates, which could affect our operating results.

The financial condition and results of operations of our operating foreign subsidiaries are reported in the relevant local currency and are then translated into U.S. dollars at the applicable currency exchange rate for inclusion in our consolidated U.S. dollar financial statements. Also, although a large portion of our client and vendor agreements are denominated in U.S. dollars, we may be exposed to fluctuations in foreign exchange rates with respect to client agreements with certain of our international clients. Exchange rates between these currencies and U.S. dollars in recent years have fluctuated significantly and may do so in the future. In addition to currency translation risk, we incur currency transaction risk whenever one of our operating subsidiaries enters into a transaction using a different currency than the relevant local currency. Given the volatility of exchange rates, we may be unable to manage our currency transaction risks effectively. Currency fluctuations could have a material adverse effect on our future international sales and, consequently, on our financial condition and results of operations.

We could incur charges due to impairment of goodwill and long-lived assets.

As of June 30, 2022, we had a goodwill balance of approximately $163,489 which is subject to periodic testing for impairment. Our long-lived assets also are subject to periodic testing for impairment. A significant amount of judgment is involved in the periodic testing. Failure to achieve sufficient levels of cash flow could result in impairment charges for goodwill or fixed asset impairment for long-lived assets, which could have a material adverse effect on our reported results of operations. Our goodwill impairment analysis also includes a comparison of the aggregate estimated fair value of our reporting unit to our total market capitalization. If our stock trades below our book value, a significant and sustained decline in our stock price and market capitalization could result in goodwill impairment charges. During times of financial market volatility, significant judgment will be used to determine the underlying cause of the decline and whether stock price declines are short-term in nature or indicative of an event or change in circumstances. Impairment charges, if any, resulting from the periodic testing are non-cash.

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

Our results of operations may fluctuate as a result of a variety of factors, many of which are outside of our control. If our results of operations fall below the expectations of securities analysts or investors, the price of our common stock could decline substantially. In addition to the effects of other risks discussed in this section, fluctuations in our results of operations may be due to a number of factors, including, among others:

- our ability to increase sales to existing clients and attract new clients to our services;
- the addition or loss of large clients, or significant variation in their use of our services;
- costs associated with current or future intellectual property lawsuits and other lawsuits;
- service outages or third party security breaches to our platform or to one or more of our clients' platforms;
- the amount and timing of operating costs and capital expenditures related to the maintenance and expansion of our business, operations and infrastructure and the adequacy of available funds to meet those requirements;
- the timing and success of new product and service introductions by us or our competitors;
- the occurrence of significant events in a particular period that result in an increase in the use of our services, such as a major media event or a client's online release of a new or updated video game or operating system;
- changes in our pricing policies or those of our competitors;
- the timing of recognizing revenue;
- limitations of the capacity of our global network and related systems;
- the timing of costs related to the development or acquisition of technologies, services or businesses;
- the potential write-down or write-off of intangible or other long-lived assets;
- general economic, industry and market conditions (such as fluctuations experienced in the stock and credit markets during times of deteriorated global economic conditions or during an outbreak of an epidemic or pandemic, such as the recent COVID-19 outbreak) and those conditions specific to internet usage;
- limitations on usage imposed by our clients in order to limit their online expenses; and
- war, threat of war or terrorism, including cyber terrorism, and inadequate cybersecurity.

We believe that our revenue and results of operations may vary significantly in the future and that period-to-period comparisons of our operating results may not be meaningful. You should not rely on the results of one period as an indication of future performance.

We have a history of losses and we may not achieve or maintain profitability in the future.

We incur significant expenses in developing our technology and maintaining and expanding our network. We also incur significant share-based compensation expense and have incurred (and may in the future incur) significant costs associated with litigation. Accordingly, we may not be able to achieve or maintain profitability for the foreseeable future. We also may not achieve sufficient revenue to achieve or maintain profitability and thus may continue to incur losses in the future for a number of reasons, including, among others:

- slowing demand for our services;
- increasing competition and competitive pricing pressures;
- any inability to provide our services in a cost-effective manner;
- incurring unforeseen expenses, difficulties, complications and delays; and
- other risks described in this report.

If we fail to achieve and maintain profitability, the price of our common stock could decline, and our business, financial condition and results of operations could suffer.

We have incurred, and will continue to incur, significant costs as a result of operating as a public company, and our management is required to devote substantial time to corporate governance.

We have incurred, and will continue to incur, significant public company expenses, including accounting, legal and other professional fees, insurance premiums, investor relations costs, and costs associated with compensating our independent directors. In addition, rules implemented by the SEC and Nasdaq impose additional requirements on public companies, including requiring changes in corporate governance practices. For example, the Nasdaq listing requirements require that we satisfy certain corporate governance requirements. Our management and other personnel need to devote a substantial amount of time to these governance matters. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, these rules and regulations make it more difficult and more expensive for us to obtain director and officer liability insurance.

If the accounting estimates we make, and the assumptions on which we rely, in preparing our financial statements prove inaccurate, our actual results may be adversely affected.

Our financial statements have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments about, among other things, taxes, revenue recognition, share-based compensation costs, contingent obligations, and doubtful accounts. These estimates and judgments affect the reported amounts of our assets, liabilities, revenue and expenses, the amounts of charges accrued by us, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances and at the time they are made. If our estimates or the assumptions underlying them are not correct, we may need to accrue additional charges or reduce the value of assets that could adversely affect our results of operations, investors may lose confidence in our ability to manage our business and our stock price could decline.

If we fail to maintain proper and effective internal controls or fail to implement our controls and procedures with respect to acquired or merged operations, our ability to produce accurate financial statements could be impaired, which could adversely affect our operating results, our ability to operate our business and investors' views of us.

We must ensure that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis. We are required to spend considerable effort on establishing and maintaining our internal controls, which is costly and time-consuming and needs to be re-evaluated frequently.

We have operated as a public company since June 2007, and we will continue to incur significant legal, accounting, and other expenses as we comply with Sarbanes-Oxley, as well as new rules implemented from time to time by the SEC and Nasdaq. These rules impose various requirements on public companies, including requiring changes in corporate governance practices, increased reporting of compensation arrangements, and other requirements. Our management and other personnel will continue to devote a substantial amount of time to these compliance initiatives. Moreover, new rules and regulations will likely increase our legal and financial compliance costs and make some activities more time-consuming and costly.

Section 404 of SOX requires that we include in our annual report our assessment of the effectiveness of our internal control over financial reporting and our audited financial statements as of the end of each fiscal year. Furthermore, our independent registered public accounting firm, Ernst & Young LLP ("EY"), is required to report on whether it believes we maintained, in all material respects, effective internal control over financial reporting as of the end of the year. Our continued compliance with Section 404 will require that we incur substantial expense and expend significant management time on compliance related issues, including our efforts in implementing controls and procedures related to acquired or merged operations. We currently do not have an internal audit group and use an international accounting firm to assist us with our

assessment of the effectiveness of our internal controls over financial reporting. In future years, if we fail to timely complete this assessment, or if EY cannot timely attest, there may be a loss of public confidence in our internal controls, the market price of our stock could decline, and we could be subject to regulatory sanctions or investigations by Nasdaq, the SEC, or other regulatory authorities, which would require additional financial and management resources. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to timely meet our regulatory reporting obligations.

Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our reported results of operations.

A change in accounting standards or practices can have a significant effect on our operating results and may affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of existing accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

Rising inflation rates could negatively impact our revenues and profitability if increases in the prices of our services or a decrease in consumer spending results in lower sales. In addition, if our costs increase and we are not able to pass along these price increases to our customers, our net income would be adversely affected, and the adverse impact may be material.

Inflation rates, particularly in the United States, have increased recently to levels not seen in years. Increased inflation may result in decreased demand for our products and services, increased operating costs (including our labor costs), reduced liquidity, and limitations on our ability to access credit or otherwise raise debt and equity capital. In addition, the United States Federal Reserve has raised, and may again raise, interest rates in response to concerns about inflation. Increases in interest rates, especially if coupled with reduced government spending and volatility in financial markets, may have the effect of further increasing economic uncertainty and heightening these risks. In an inflationary environment, we may be unable to raise the sales prices of our products and services at or above the rate at which our costs increase, which could/would reduce our profit margins and have a material adverse effect on our financial results and net income. We also may experience lower than expected sales and potential adverse impacts on our competitive position if there is a decrease in consumer spending or a negative reaction to our pricing. A reduction in our revenue would be detrimental to our profitability and financial condition and could also have an adverse impact on our future growth.

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

Not applicable.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference				Provided Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	Stock Purchase Agreement, dated March 6, 2022, by and between Limelight Networks, Inc. and College Parent, L.P.	8-K	001-33508	2.1	3/7/2022	
3.1	Amended and Restated Certificate of Incorporation of Edgio, Inc. (f/k/a Limelight Networks, Inc.)	8-K	001-33508	3.1	6/14/11	
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Edgio, Inc. (f/k/a Limelight Networks, Inc.), dated June 15, 2022	8-K	001-33508	3.1	6/16/2022	
3.3	Third Amended and Restated Bylaws of Edgio, Inc.					X
10.1#	Stockholders Agreement, dated June 15, 2022, by and between the Company (formerly Limelight Networks, Inc.) and College Top Holdings	8-K	001-33508	10.1	6/16/2022	
10.2	Registration Rights Agreement, dated June 15, 2022, by and between the Company (formerly Limelight Networks, Inc.) and College Top Holdings	8-K	001-33508	10.2	6/16/2022	
10.3#	Transition Agreement and Employment Agreement Amendment, dated June 15, 2022, by and between the Company (formerly Limelight Networks, Inc.) and Christine Cross	8-K	001-33508	10.3	6/16/2022	
31.1	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rule 13a-14(a).					X
31.2	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rule 13a-14(a).					X
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 and Securities Exchange Act Rule 13a-14(b).*					X
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 and Securities Exchange Act Rule 13a-14(b).*					X
101.SCH	INLINE XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT					X
101.CAL	INLINE XBRL TAXONOMY EXTENSION CALCULATION LINKBASE DOCUMENT					X
101.DEF	INLINE XBRL TAXONOMY EXTENSION DEFINITION LINKBASE DOCUMENT					X
101.LAB	INLINE XBRL TAXONOMY EXTENSION LABEL LINKBASE DOCUMENT					X
101.PRE	INLINE XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE DOCUMENT					X
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.)					X

Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit were omitted by means of marking such portions with an asterisk because the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.

*This certification is not deemed “filed” for purposes of Section 18 of the Securities Exchange Act, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that Edgio, Inc. specifically incorporates it by reference.

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.

		Edgio, Inc.	
Date:	August 9, 2022	By:	/s/ DANIEL R. BONCEL
			Daniel R. Boncel **Chief Financial Officer** **(Principal Financial Officer and Principal Accounting Officer)**

Exhibit 3.3

THIRD AMENDED AND RESTATED BYLAWS OF

EDGIO, INC.

(as amended and restated on June 15, 2022)

TABLE OF CONTENTS

Page

Article I - CORPORATE OFFICES	1
1.1 REGISTERED OFFICE	1
1.2 OTHER OFFICES	1
Article II - MEETINGS OF STOCKHOLDERS	1
2.1 PLACE OF MEETINGS	1
2.2 ANNUAL MEETING	1
2.3 SPECIAL MEETING	1
2.4 ADVANCE NOTICE PROCEDURES; NOTICE OF STOCKHOLDERS’ MEETINGS	1
2.5 QUORUM	3
2.6 ADJOURNED MEETING; NOTICE	3
2.7 CONDUCT OF BUSINESS	3
2.8 VOTING	3
2.9 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING	3
2.10 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING; GIVING CONSENTS	4
2.11 PROXIES	4
2.12 LIST OF STOCKHOLDERS ENTITLED TO VOTE	4
2.13 INSPECTORS OF ELECTION	4
Article III - DIRECTORS	5
3.1 POWERS	5
3.2 NUMBER OF DIRECTORS	5
3.3 ELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS	5
3.4 RESIGNATION AND VACANCIES	5
3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE	6
3.6 REGULAR MEETINGS	6
3.7 SPECIAL MEETINGS; NOTICE	6
3.8 QUORUM; VOTING	7
3.9 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING	7
3.10 FEES AND COMPENSATION OF DIRECTORS	7
3.11 REMOVAL OF DIRECTORS	7
Article IV - COMMITTEES	7
4.1 COMMITTEES OF DIRECTORS	7
4.2 COMMITTEE MINUTES	7
4.3 MEETINGS AND ACTION OF COMMITTEES	8
4.4 SUBCOMMITTEES	8
Article V - OFFICERS	8
5.1 OFFICERS	8

5.2 APPOINTMENT OF OFFICERS 8
5.3 SUBORDINATE OFFICERS 8
5.4 REMOVAL AND RESIGNATION OF OFFICERS 9
5.5 VACANCIES IN OFFICES 9
5.6 REPRESENTATION OF SHARES OF OTHER CORPORATIONS 9
5.7 AUTHORITY AND DUTIES OF OFFICERS 9
Article VI - STOCK 9
6.1 STOCK CERTIFICATES; PARTLY PAID SHARES 9
6.2 SPECIAL DESIGNATION ON CERTIFICATES 10
6.3 LOST CERTIFICATES 10
6.4 DIVIDENDS 10
6.5 TRANSFER OF STOCK 10
6.6 STOCK TRANSFER AGREEMENTS 10
6.7 REGISTERED STOCKHOLDERS 10
Article VII - MANNER OF GIVING NOTICE AND WAIVER 11
7.1 NOTICE OF STOCKHOLDERS' MEETINGS 11
7.2 NOTICE BY ELECTRONIC TRANSMISSION 11
7.3 NOTICE TO STOCKHOLDERS SHARING AN ADDRESS 11
7.4 NOTICE TO PERSON WITH WHOM COMMUNICATION IS UNLAWFUL 12
7.5 WAIVER OF NOTICE 12
Article VIII - INDEMNIFICATION 12
8.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN THIRD PARTY PROCEEDINGS 12
8.2 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN ACTIONS BY OR IN THE RIGHT OF THE CORPORATION 12
8.3 SUCCESSFUL DEFENSE 13
8.4 INDEMNIFICATION OF OTHERS 13
8.5 ADVANCED PAYMENT OF EXPENSES 13
8.6 LIMITATION ON INDEMNIFICATION AND ADVANCEMENT OF EXPENSES 13
8.7 DETERMINATION; CLAIM 13
8.8 NON-EXCLUSIVITY OF RIGHTS 14
8.9 INSURANCE 14
8.10 SURVIVAL 14
8.11 EFFECT OF REPEAL OR MODIFICATION 14
8.12 CERTAIN DEFINITIONS 14
Article IX - GENERAL MATTERS 15
9.1 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS 15
9.2 FISCAL YEAR 15
9.3 SEAL 15
9.4 CONSTRUCTION; DEFINITIONS 15
Article X - AMENDMENTS 15

BYLAWS OF EDGIO, INC.

Article I- CORPORATE OFFICES

1.1 REGISTERED OFFICE

The registered office of Edgio, Inc. shall be fixed in the corporation’s certificate of incorporation, as the same may be amended from time to time.

1.2 OTHER OFFICES

The corporation’s board of directors (the “**Board**”) may at any time establish other offices at any place or places where the corporation is qualified to do business.

Article II - MEETINGS OF STOCKHOLDERS

1.3 PLACE OF MEETINGS

Meetings of stockholders shall be held at any place, within or outside the State of Delaware, designated by the Board. The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the Delaware General Corporation Law (the “**DGCL**”). In the absence of any such designation or determination, stockholders’ meetings shall be held at the corporation’s principal executive office.

1.4 ANNUAL MEETING

The annual meeting of stockholders shall be held each year. The Board shall designate the date and time of the annual meeting. In the absence of such designation the annual meeting of stockholders shall be held on the second Tuesday of May of each year at 10:00 a.m. However, if such day falls on a legal holiday, then the meeting shall be held at the same time and place on the next succeeding business day. At the annual meeting, directors shall be elected and any other proper business may be transacted.

1.5 SPECIAL MEETING

A special meeting of the stockholders may be called at any time by the Board, chairperson of the Board, chief executive officer or president (in the absence of a chief executive officer), but such special meetings may not be called by any other person or persons.

No business may be transacted at such special meeting other than the business specified in such notice to stockholders. Nothing contained in this paragraph of this Section 2.3 shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board may be held.

1.6 ADVANCE NOTICE PROCEDURES; NOTICE OF STOCKHOLDERS’ MEETINGS

(i) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be: (A) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors, (B) otherwise properly brought before the meeting by or at the direction of the board of directors, or (C) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the secretary of the corporation. To be timely, a stockholder’s notice must be delivered to or mailed and received at the principal executive offices of the corporation not less than one hundred twenty (120) calendar days before the one year anniversary of the date on which the corporation first mailed its proxy statement to stockholders in connection with the previous year’s annual meeting of stockholders; *provided*, *however*, that in the event that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) days from the date of the prior year’s meeting, notice by the stockholder to be timely must be so received not later than the close of business on the later of one hundred twenty (120) calendar days in advance of such annual meeting and ten (10) calendar days following the date on which public announcement of the date of the meeting is first made. A stockholder’s notice to the secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting: (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the corporation’s books, of the stockholder proposing such business, (c) the class and number of shares of the corporation that are beneficially owned by the stockholder, (d) any material interest of the stockholder in such business, and (e) any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Securities

Exchange Act of 1934, as amended (the "**1934 Act**"), in the stockholder's capacity as a proponent to a stockholder proposal. Notwithstanding the foregoing, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholder's meeting, stockholders must provide notice as required by the regulations promulgated under the 1934 Act. Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this paragraph (i). The chairperson of the annual meeting shall, if the facts warrant, determine and declare at the meeting that business was not properly brought before the meeting and in accordance with the provisions of this paragraph (i), and, if the chairperson should so determine, he or she shall so declare at the meeting that any such business not properly brought before the meeting shall not be transacted.

(ii) Only persons who are nominated in accordance with the procedures set forth in this paragraph (ii) shall be eligible for election as directors. Nominations of persons for election to the board of directors of the corporation may be made at a meeting of stockholders by or at the direction of the board of directors or by any stockholder of the corporation entitled to vote in the election of directors at the meeting who complies with the notice procedures set forth in this paragraph (ii). Such nominations, other than those made by or at the direction of the board of directors, shall be made pursuant to timely notice in writing to the secretary of the corporation in accordance with the provisions of paragraph (i) of this Section 2.4. Such stockholder's notice shall set forth (a) as to each person, if any, whom the stockholder proposes to nominate for election or re-election as a director: (A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person, (C) the class and number of shares of the corporation that are beneficially owned by such person, (D) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, (E) any other information relating to such person that is required to be disclosed in solicitations of proxies for elections of directors, or is otherwise required, in each case pursuant to Regulation 14A under the 1934 Act (including without limitation such person's written consent to being named in the proxy statement, if any, as a nominee and to serving as a director if elected), and (F) a written statement of such person that such person, if elected, intends to tender, promptly following such person's election or re-election, an irrevocable resignation effective upon such person's failure to receive the required vote for re-election at the next meeting at which such person would face re-election and upon acceptance of such resignation by the board of directors, in accordance with the corporation's Corporate Governance Guidelines; and (b) as to such stockholder giving notice, the information required to be provided pursuant to paragraph (i) of this Section 2.4. At the request of the board of directors, any person nominated by a stockholder for election as a director shall furnish to the secretary of the corporation that information required to be set forth in the stockholder's notice of nomination which pertains to the nominee. No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in this paragraph (ii). The chairperson of the meeting shall, if the facts warrant, determine and declare at the meeting that a nomination was not made in accordance with the procedures prescribed by these bylaws, and if the chairperson should so determine, he or she shall so declare at the meeting, and the defective nomination shall be disregarded.

These provisions shall not prevent the consideration and approval or disapproval at an annual meeting of reports of officers, directors and committees of the board of directors, but in connection therewith no new business shall be acted upon at any such meeting unless stated, filed and received as herein provided. Notwithstanding anything in these bylaws to the contrary, no business brought before a meeting by a stockholder shall be conducted at an annual meeting except in accordance with procedures set forth in this Section 2.4.

Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except as otherwise provided in the DGCL, the certificate of incorporation or these bylaws, the written notice of any meeting of stockholders shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting.

1.7 QUORUM

The holders of a majority of the stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders. If, however, such quorum is not present or represented at any meeting of the stockholders, then either (i) the chairperson of the meeting, or (ii) the stockholders entitled to vote at the meeting, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

1.8 ADJOURNED MEETING; NOTICE

When a meeting is adjourned to another time or place, unless these bylaws otherwise require, notice need not be given of the adjourned meeting if the time, place if any thereof, and the means of remote communications if any by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

1.9 CONDUCT OF BUSINESS

The chairperson of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of business.

1.10 VOTING

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 2.10 of these bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as may be otherwise provided in the certificate of incorporation or these bylaws, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder.

Except as otherwise required by law, the certificate of incorporation or these bylaws, in all matters other than the election of directors, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders.

Notwithstanding anything to the contrary contained in these bylaws, effective as of the first meeting of stockholders at which the directors will be elected following the 2013 annual meeting of stockholders, each director shall be elected by the vote of the majority of the votes cast with respect to the nominee at any meeting for the election of directors at which a quorum is present, provided that, the directors shall be elected by the vote of a plurality of the votes cast on the election of directors at the 2013 annual meeting of stockholders and at any meeting for which (i) the secretary receives a notice of a stockholder's intention to nominate a person or persons for election to the board of directors in compliance with the advance notice provisions of Section 2.4 of these bylaws and (ii) such nomination has not been withdrawn by such stockholder on or before the fourteenth (14th) day preceding the date the corporation first mails its notice of meeting for such meeting of stockholders. For purposes of this Section, a majority of the votes cast means that the number of shares voted "for" a director must exceed the number of votes cast "against" that director.

1.11 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Subject to the rights of the holders of the shares of any series of Preferred Stock or any other class of stock or series thereof having a preference over the Common Stock as dividend or upon liquidation, any action required or permitted to be taken by the stockholders of the corporation must be effected at a duly called annual or special meeting of stockholders of the corporation and may not be effected by any consent in writing by such stockholders.

1.12 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING; GIVING CONSENTS

In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other such action.

If the Board does not so fix a record date:

(i) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(ii) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board may fix a new record date for the adjourned meeting.

1.13 PROXIES

Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL.

1.14 LIST OF STOCKHOLDERS ENTITLED TO VOTE

The officer who has charge of the stock ledger of the corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The corporation shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the corporation's principal place of business. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Such list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

1.15 INSPECTORS OF ELECTION

A written proxy may be in the form of a telegram, cablegram, or other means of electronic transmission which sets forth or is submitted with information from which it can be determined that the telegram, cablegram, or other means of electronic transmission was authorized by the person.

Before any meeting of stockholders, the board of directors shall appoint an inspector or inspectors of election to act at the meeting or its adjournment. The number of inspectors shall be either one (1) or three (3). If any person appointed as inspector fails to appear or fails or refuses to act, then the chairperson of the meeting may, and upon the request of any stockholder or a stockholder's proxy shall, appoint a person to fill that vacancy.

Such inspectors shall:

(iii) determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies;

(iv) receive votes, ballots or consents;

(v) hear and determine all challenges and questions in any way arising in connection with the right to vote;

(vi) count and tabulate all votes or consents;

(vii) determine when the polls shall close;

(viii) determine the result; and

(ix) do any other acts that may be proper to conduct the election or vote with fairness to all stockholders.

The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three (3) inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

Article III - DIRECTORS

1.1 POWERS

The business and affairs of the corporation shall be managed by or under the direction of the Board, except as may be otherwise provided in the DGCL or the certificate of incorporation.

1.2 NUMBER OF DIRECTORS

The Board shall consist of one or more members, each of whom shall be a natural person. Unless the certificate of incorporation fixes the number of directors, the number of directors shall be determined from time to time by resolution of the Board. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

1.3 ELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS

Except as provided in Section 3.4 of these bylaws, each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until such director's successor is elected and qualified or until such director's earlier death, resignation or removal. Directors need not be stockholders unless so required by the certificate of incorporation or these bylaws. The certificate of incorporation or these bylaws may prescribe other qualifications for directors.

If so provided in the certificate of incorporation, the directors of the corporation shall be divided into three classes.

1.4 RESIGNATION AND VACANCIES

Any director may resign at any time upon notice given in writing or by electronic transmission to the corporation. A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. A resignation which is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is irrevocable. Unless otherwise provided in the certificate of incorporation or these bylaws, when one or more directors resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

Unless otherwise provided in the certificate of incorporation or these bylaws, vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. If the directors are divided into classes, a person so elected by the directors then in office to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall have been duly elected and qualified.

If at any time, by reason of death or resignation or other cause, the corporation should have no directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of a stockholder, may call a special meeting of stockholders in accordance with the provisions of the certificate of incorporation or these bylaws, or may apply to the Court of Chancery for a decree summarily ordering an election as provided in Section 211 of the DGCL.

If, at the time of filling any vacancy or any newly created directorship, the directors then in office constitute less than a majority of the whole Board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least 10% of the voting stock at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office as aforesaid, which election shall be governed by the provisions of Section 211 of the DGCL as far as applicable.

1.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE

The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of

conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

1.6 REGULAR MEETINGS

Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

1.7 SPECIAL MEETINGS; NOTICE

Special meetings of the Board for any purpose or purposes may be called at any time by the chairperson of the Board, the chief executive officer, the president, the secretary or a majority of the authorized number of directors.

Notice of the time and place of special meetings shall be:

(i) delivered personally by hand, by courier or by telephone;

(ii) sent by United States first-class mail, postage prepaid;

(iii) sent by facsimile; or

(iv) sent by electronic mail,

directed to each director at that director's address, telephone number, facsimile number or electronic mail address, as the case may be, as shown on the corporation's records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile or (iii) sent by electronic mail, it shall be delivered or sent at least 24 hours before the time of the holding of the meeting. If the notice is sent by United States mail, it shall be deposited in the United States mail at least four days before the time of the holding of the meeting. Any oral notice may be communicated to the director. The notice need not specify the place of the meeting (if the meeting is to be held at the corporation's principal executive office) nor the purpose of the meeting.

1.1 QUORUM; VOTING

At all meetings of the Board, a majority of the total authorized number of directors shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the Board, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the certificate of incorporation or these bylaws.

If the certificate of incorporation provides that one or more directors shall have more or less than one vote per director on any matter, every reference in these bylaws to a majority or proportion of the directors shall refer to a majority or other proportion of the votes of the directors.

1.2 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

1.3 FEES AND COMPENSATION OF DIRECTORS

Unless otherwise restricted by the certificate of incorporation or these bylaws, the Board shall have the authority to fix the compensation of directors.

1.4 REMOVAL OF DIRECTORS

Any director may be removed from office by the stockholders of the corporation only for cause.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

Article IV - COMMITTEES

1.1 COMMITTEES OF DIRECTORS

The Board may, by resolution passed by a majority of the authorized number of directors, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board or in these bylaws, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the corporation.

1.2 COMMITTEE MINUTES

Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

1.3 MEETINGS AND ACTION OF COMMITTEES

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(i) Section 3.5 (place of meetings and meetings by telephone);

(ii) Section 3.6 (regular meetings);

(iii) Section 3.7 (special meetings and notice);

(iv) Section 3.8 (quorum; voting);

(v) Section 7.5 (waiver of notice); and

(vi) Section 3.9 (action without a meeting)

with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board and its members. *However*:

(i) the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee;

(vii) special meetings of committees may also be called by resolution of the Board; and

(viii) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

1.8 SUBCOMMITTEES

Unless otherwise provided in the certificate of incorporation, these bylaws or the resolutions of the Board designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

Article V - OFFICERS

1.5 OFFICERS

The officers of the corporation shall be a president and a secretary. The corporation may also have, at the discretion of the Board, a chairperson of the Board, a vice chairperson of the Board, a chief executive officer, a chief financial

officer or treasurer, one or more vice presidents, one or more assistant vice presidents, one or more assistant treasurers, one or more assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

1.6 APPOINTMENT OF OFFICERS

The Board shall appoint the officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 5.3 of these bylaws, subject to the rights, if any, of an officer under any contract of employment.

1.7 SUBORDINATE OFFICERS

The Board may appoint, or empower the chief executive officer or, in the absence of a chief executive officer, the president, to appoint, such other officers and agents as the business of the corporation may require. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the Board may from time to time determine.

1.8 REMOVAL AND RESIGNATION OF OFFICERS

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by an affirmative vote of the majority of the Board at any regular or special meeting of the Board or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

1.9 VACANCIES IN OFFICES

Any vacancy occurring in any office of the corporation shall be filled by the Board or as provided in Section 5.3.

1.10 REPRESENTATION OF SHARES OF OTHER CORPORATIONS

The chairperson of the Board, the president, any vice president, the treasurer, the secretary or assistant secretary of this corporation, or any other person authorized by the Board or the president or a vice president, is authorized to vote, represent, and exercise on behalf of this corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this corporation. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

1.11 AUTHORITY AND DUTIES OF OFFICERS

All officers of the corporation shall respectively have such authority and perform such duties in the management of the business of the corporation as may be designated from time to time by the Board or the stockholders and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board.

Article VI - STOCK

1.4 STOCK CERTIFICATES; PARTLY PAID SHARES

The shares of the corporation shall be represented by certificates, provided that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the corporation by the chairperson of the Board or vice-chairperson of the Board, or the president or a vice-president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The corporation shall not have power to issue a certificate in bearer form.

The corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, or upon the books and records of the corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

1.5 SPECIAL DESIGNATION ON CERTIFICATES

If the corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the corporation shall issue to represent such class or series of stock; *provided, however*, that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the corporation shall issue to represent such class or series of stock a statement that the corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

1.6 LOST CERTIFICATES

Except as provided in this Section 6.3, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the corporation and cancelled at the same time. The corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

1.7 DIVIDENDS

The Board, subject to any restrictions contained in the certificate of incorporation or applicable law, may declare and pay dividends upon the shares of the corporation's capital stock. Dividends may be paid in cash, in property, or in shares of the corporation's capital stock, subject to the provisions of the certificate of incorporation.

The Board may set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the corporation, and meeting contingencies.

1.8 TRANSFER OF STOCK

Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate, and record the transaction in its books.

1.9 STOCK TRANSFER AGREEMENTS

The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

1.10 REGISTERED STOCKHOLDERS

The corporation:

(i) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner;

(ii) shall be entitled to hold liable for calls and assessments the person registered on its books as the owner of shares; and

(iii) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

Article VII - MANNER OF GIVING NOTICE AND WAIVER

1.1 NOTICE OF STOCKHOLDERS' MEETINGS

Notice of any meeting of stockholders, if mailed, is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the corporation's records. An affidavit of the secretary or an assistant secretary of the corporation or of the transfer agent or other agent of the corporation that the notice has been given shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

1.2 NOTICE BY ELECTRONIC TRANSMISSION

Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the certificate of incorporation or these bylaws, any notice to stockholders given by the corporation under any provision of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the corporation. Any such consent shall be deemed revoked if:

(i) the corporation is unable to deliver by electronic transmission two consecutive notices given by the corporation in accordance with such consent; and

(ii) such inability becomes known to the secretary or an assistant secretary of the corporation or to the transfer agent, or other person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

(i) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice;

(ii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and

(iii) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

An "**electronic transmission**" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Notice by a form of electronic transmission shall not apply to Sections 164, 296, 311, 312 or 324 of the DGCL.

1.3 NOTICE TO STOCKHOLDERS SHARING AN ADDRESS

Except as otherwise prohibited under the DGCL, without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the corporation under the provisions of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the corporation. Any stockholder who fails to object in writing to the corporation, within 60 days of having been given written notice by the corporation of its intention to send the single notice, shall be deemed to have consented to receiving such single written notice.

1.4 NOTICE TO PERSON WITH WHOM COMMUNICATION IS UNLAWFUL

Whenever notice is required to be given, under the DGCL, the certificate of incorporation or these bylaws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event

that the action taken by the corporation is such as to require the filing of a certificate under the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

1.5 WAIVER OF NOTICE

Whenever notice is required to be given under any provision of the DGCL, the certificate of incorporation or these bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation or these bylaws.

Article VIII - INDEMNIFICATION

1.6 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN THIRD PARTY PROCEEDINGS

Subject to the other provisions of this Article VIII, the corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**") (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director or officer of the corporation, or is or was a director or officer of the corporation serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

1.7 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN ACTIONS BY OR IN THE RIGHT OF THE CORPORATION

Subject to the other provisions of this Article VIII, the corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the corporation, or is or was a director or officer of the corporation serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

1.8 SUCCESSFUL DEFENSE

To the extent that a present or former director or officer of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described in Section 8.1 or Section 8.2, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

1.9 INDEMNIFICATION OF OTHERS

Subject to the other provisions of this Article VIII, the corporation shall have power to indemnify its employees and agents to the extent not prohibited by the DGCL or other applicable law. The Board shall have the power to delegate to such person or persons the determination of whether employees or agents shall be indemnified.

1.10 ADVANCED PAYMENT OF EXPENSES

Expenses (including attorneys' fees) incurred by an officer or director of the corporation in defending any Proceeding shall be paid by the corporation in advance of the final disposition of such Proceeding upon receipt of an undertaking by or on behalf of the person to repay such amounts if it shall ultimately be determined that the person is not entitled to be indemnified under this Article VIII or the DGCL. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the corporation deems appropriate.

Notwithstanding the foregoing, unless otherwise determined pursuant to Section 8.8, no advance shall be made by the corporation to an officer of the corporation (except by reason of the fact that such officer is or was a director of the corporation, in which event this paragraph shall not apply) in any Proceeding if a determination is reasonably and promptly made (i) by a majority vote of the directors who are not parties to such Proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, that facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

1.11 LIMITATION ON INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

Subject to the requirements in Section 8.3 and the DGCL, the corporation shall not be required to provide indemnification or, with respect to clauses (i), (iii) and (iv) below, advance expenses to any person pursuant to this Article VIII:

(iv) in connection with any Proceeding (or part thereof) initiated by such person except (i) as otherwise required by law, (ii) in specific cases if the Proceeding was authorized by the Board, or (iii) as is required to be made under Section 8.7;

(v) on account of any Proceeding (or part thereof) against such person providing for an accounting or disgorgement of profits pursuant to the provisions of Section 16(b) of the 1934 Act, or similar provisions of any federal, state or local statutory law or common law;

(vi) for expenses (including attorneys' fees), judgments, fines and amounts paid in settlement for which payment has actually been made to or on behalf of such person under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid; or

(vii) if prohibited by applicable law.

1.12 DETERMINATION; CLAIM

If a claim for indemnification or advancement of expenses under this Article VIII is not paid in full within 60 days after a written claim therefor has been received by the corporation, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such suit, the corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or advancement of expenses under applicable law.

1.13 NON-EXCLUSIVITY OF RIGHTS

The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the certificate of incorporation or any statute, bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advancement of expenses, to the fullest extent not prohibited by the DGCL or other applicable law.

1.14 INSURANCE

The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of the DGCL.

1.15 SURVIVAL

The rights to indemnification and advancement of expenses conferred by this Article VIII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

1.16 EFFECT OF REPEAL OR MODIFICATION

Any repeal or modification of this Article VIII shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

1.17 CERTAIN DEFINITIONS

For purposes of this Article VIII, references to the "**corporation**" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VIII, references to "**other enterprises**" shall include employee benefit plans; references to "**fines**" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "**serving at the request of the corporation**" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "**not opposed to the best interests of the corporation**" as referred to in this Article VIII.

Article IX - GENERAL MATTERS

1.18 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS

Except as otherwise provided by law, the certificate of incorporation or these bylaws, the Board may authorize any officer or officers, or agent or agents, to enter into any contract or execute any document or instrument in the name of and on behalf of the corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the Board or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

1.19 FISCAL YEAR

The fiscal year of the corporation shall be fixed by resolution of the Board and may be changed by the Board.

1.20 SEAL

The corporation may adopt a corporate seal, which shall be adopted and which may be altered by the Board. The corporation may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

1.21 CONSTRUCTION; DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "**person**" includes both a corporation and a natural person.

Article X - AMENDMENTS

These bylaws may be adopted, amended or repealed by the stockholders entitled to vote. However, the corporation may, in its certificate of incorporation, confer the power to adopt, amend or repeal bylaws upon the directors. The fact that such power has been so conferred upon the directors shall not divest the stockholders of the power, nor limit their power to adopt, amend or repeal bylaws.

A bylaw amendment adopted by stockholders which specifies the votes that shall be necessary for the election of directors shall not be further amended or repealed by the Board.

EDGIO, INC.

CERTIFICATE OF AMENDMENT OF BYLAWS

The undersigned hereby certifies that he or she is the duly elected, qualified, and acting Corporate Secretary or Assistant Secretary of Edgio, Inc., a Delaware corporation and that the foregoing bylaws were amended and restated on March 2, 2022 by the corporation's board of directors, effective as of June 15, 2022.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 8th day of August, 2022.

/s/ Richard P. Diegnan

Richard P. Diegnan, Corporate Secretary

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Robert A. Lyons, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Edgio, Inc.;

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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: August 9, 2022	By:	/s/ ROBERT A. LYONS
	Name:	**Robert A. Lyons**
	Title:	**President, Chief Executive Officer and Director (Principal Executive Officer)**

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Daniel R. Boncel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Edgio, Inc.;

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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: August 9, 2022

By: /s/ DANIEL R. BONCEL
Name: **Daniel R. Boncel**
Title: **Chief Financial Officer**
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to
18 U.S.C. Section 1350,
As Adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, Robert A. Lyons, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the quarterly report of Edgio, Inc. on Form 10-Q for the period ended June 30, 2022, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such quarterly report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Edgio, Inc.

Date: August 9, 2022	By:	/s/ ROBERT A. LYONS
	Name:	**Robert A. Lyons**
	Title:	**President, Chief Executive Officer and Director** **(Principal Executive Officer)**

A signed original of this written statement required by Section 906 has been provided to Edgio, Inc. and will be retained by, Edgio, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. This certification "accompanies" the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Pursuant to
18 U.S.C. Section 1350,
As Adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, Daniel R. Boncel, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the quarterly report of Edgio, Inc. on Form 10-Q for the period ended June 30, 2022, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such quarterly report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Edgio, Inc.

Date: August 9, 2022	By:	/s/ DANIEL R. BONCEL
	Name:	**Daniel R. Boncel**
	Title:	**Chief Financial Officer** **(Principal Financial Officer and Principal Accounting Officer)**

A signed original of this written statement required by Section 906 has been provided to Edgio, Inc. and will be retained by, Edgio, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. This certification “accompanies” the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.