# Edgio Reports Third Quarter 2022 Financial Results

Third quarter revenue of \$121.2 million, up 119% year over year

GAAP Gross margin of 30.5%, increased 180 basis points year over year

Record Applications bookings with momentum continuing into 4Q22

Pipeline growth of 75% since the beginning of the year

Capital expenditure of \$2.2 million or 1.8% of revenue, a six-year low

**Phoenix, Arizona, November 9, 2022 –** Edgio, Inc. (Nasdaq: <u>EGIO</u>), the platform of choice to power unmatched speed, security and simplicity at the edge, today reported financial results for the third quarter ended September 30, 2022.

"Across the organization, we are realizing the benefits of the transformational Edgecast acquisition. We had the first-ever eight figure TCV win in Applications solutions and replaced a major competitor at one of the largest fintech companies in the world. Our unique ability to seamlessly integrate scale-enabled performance, security and programmability at the edge are being recognized by some of the most savvy technology companies in the world," said Bob Lyons, President and Chief Executive Officer. "Our growing pipeline includes major global brands that understand the demonstrative value in our solutions, with many in active proof of concept. We expect this momentum to continue into the fourth quarter, driven by our Security solutions."

# Third Quarter Business Highlights:

- Sales pipeline grew 75% from the beginning of the year, with the Applications pipeline growing much faster.
- 3Q22 was the highest bookings quarter for Edgio's Applications solutions, and we expect continued momentum into 4Q22.
- The company has implemented more than \$20 million of planned synergies on a run rate basis, well ahead of schedule.
- CyberSec Asia recognized Edgio as a Rising Star in security for the impact our WAAP product suite had in customers' organizations.
- Stephen Cumming joined as Edgio's CFO, bringing almost 30 years of experience leading technology companies through strategic, operational and financial transformations.
- Three new Board members were appointed Dianne Ledingham, Sr. Partner at Bain & Company, and Reed Rayman and E-Fei Wang from Apollo Global to strengthen our strategic leadership with strategic, operational and financial prowess.

# Third Quarter Financial highlights:

### Revenue

- Revenue of \$121.2 million, an expansion of 119% from the previous year, and 63% quarter over quarter.
- This includes the first full quarter of revenue from Edgecast.

### **Gross margin**

- GAAP gross margin was 30.5%, up 180 basis points year over year and 40 basis points quarter over quarter.
- Sequential expansion in gross margin was primarily due to an increase in capacity utilization and realization of synergies.

# **Operating expenses**

- GAAP operating expenses, including share-based compensation of \$8.4 million, restructuring charges of \$4.1 million and acquisition- and legal-related expenses of \$7.9 million, were 63.4% of revenue versus 75.2% in the second quarter of 2022 due to the inclusion of a full quarter of Edgecast.
- Sequentially, our total operating expenses increased primarily due to headcount from Edgecast.

# Adjusted EBITDA

• Adjusted EBITDA for the quarter was a loss of \$3.2 million, compared to a loss of \$0.4 million in the second quarter of 2022, primarily due to the increased operating expenses from Edgecast.

# **Capital Expenditure**

- Capital Expenditure during the quarter was \$2.2 million, or 1.8% of revenue and year-to-date was \$20.5 million or 8.1% of revenue.
- As a percent of revenue, capital expenditure was at a six-year low as a result of existing excess capacity and higher revenue contribution from software solutions that have lower capital requirements.

# Cash, Cash Equivalents and Marketable Securities

• Cash, cash equivalents and marketable securities was \$70.8 million for the third quarter ended September 30, 2022, compared to \$77.3 million for the second quarter ended June 30, 2022 and \$79.3 million for the fourth quarter ended December 31, 2021.

• Cash flow used in operations during the quarter was \$2.4 million and year-to-date \$21.8 million.

# Updating 2022 Guidance:

"We remain bullish on Edgio's transformation and in our ability to drive long-term value creation for our shareholders. The current macro environment has made us more cautious in the near term and we anticipate companies will delay or defer capital spending in the fourth quarter. This could impact our ISP deployments which depend on capital investments from these clients. Additionally, while we are progressing well on the integration of our Edgecast acquisition, we have seen some churn across a group of smaller customers. This is not unusual during an acquisition of this magnitude," said Stephen Cumming, Chief Financial Officer. "Both of these are temporal in nature and we have already taken steps to address them. With this backdrop, we expect a more measured top line in Q4. Given our clear line of sight to where further synergies and efficiencies are available to us, we will prioritize improving our gross margin, Adjusted EBITDA and cash flow as we complete the integration of Edgecast."

For 4Q22, we are expecting:

- Revenue between \$109 million and \$114 million.
- Adjusted EBITDA range of a loss of \$8 million to a loss of \$6 million, implying adjusted EBITDA margin between -7.5% and -5.5%.
- Capital expenditure between \$2 million and \$3.5 million, implying 2% and 3% of revenue.

## **Financial Tables**

### EDGIO, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (in thousands, except per share data)

ASSETS   Control   Control     Current assets   \$ 69,306   \$ 55,175   \$ 41,918     Cash and cash equivalents   11,444   22,186   37,367     Accounts receivable, net   122,297   100,445   42,217     Income taxes receivable   23,175   23,2107   13,036     Operang Lease receivable   21,991   100,0059   33,627     Operang Lease receivable   21,991   100,0059   33,625     Operang Lease receivable   6,680   7,124   6,338     Marketable securities, less current portion   4,40   4,01   40     Operang Lease receivable   7,780   7,334   5,465     Counts payable   5 69,699   5 67,7510   \$ 311,011     Deferred income taxes   5 63,757   4 7,90   3,362     Counts payable   5 63,757   4 7,90   3,362     Current labilities:   -   7,780   7,334   5,485     Accounts payable   5 63,757   4 7,90   3,262   7,731     Deferred income taxes   10,511<		September 30, 2022 (Unaudited)			June 30, 2022 (Unaudited)		ember 31, 2021
Cash equivalents   \$ 69,306   \$ 65,176   \$ 41,918     Marketable southins   11,444   22,158   37,857     Income taxes receivable   59   58   61     Prepaid expenses and ubne current assets   27,75   32,107   112,038     Total current assets   21,75   32,107   113,055     Properly and equipment, net   91,670   106,059   33,622     Operating lease right of use assets   6,680   7,124   63,38     Marketable southies, leas current portion   40   40   40     Deferred in come taxes   2,745   2,966   118,33     Goodwill   171,1065   163,489   114,511     Intradible assets, net   6,877   7,384   5,485     Total assets   \$ 569,699   \$ 577,510   \$ 311,101     Current liabilities   \$ 39,755   \$ 19,800   \$ 11,631     Accounts payatie   \$ 5,657   \$ 4,790   3,266     Operating lease liability obligations   4,398   262   873     Income taxes   99,755	ASSETS	(•		(-			
Markezble securities   11,444   22,168   37,367     Accourts receivable, net   12,297   1008,445   42,217     Income taxes receivable   59   58   61     Prepaid expenses and other currert assets   221,971   120,081   134,4599     Property and expyment, net   59   58   61     Operating lease right of use assets   221,971   221,971   134,4599     Operating lease right of use assets   6,680   7,124   6,338     Marketable securities, less current portion   40   40   40     Deferred in connet taxes   2,745   2,266   1,833     Courts payable   67,738   77,265   14,613     Differ assets   7,780   7,245   3,465     Current labitities:   4,396   4,755   18,611     Income taxes payable   5,357   4,790   3,266     Operating lease labitly obligations   4,396   4,755   18,61     Income taxes payable   11,444   22,202   121,782     Operating lease labitly obligations, l	Current assets:						
Accourts receivable, net   122,397   102,445   42,217     Income taxes receivable   59   58   61     Prepaid expenses and other current assets   28,775   32,107   130,362     Total current assets   91,670   106,059   134,599     Property and equipment, net   91,670   106,059   134,599     Operating lease right of use assets   6,660   7,124   6,338     Marketable securities, less current portion   40   40   40     Deferred income taxes   2,745   2,866   1,833     Goodwill   117,065   166,489   114,511     Intrapible assets, net   7,780   7,234   5,485     Other assets   2,745   2,866   1,833     Deferred revence   5   39,765   \$ 19,800   \$ 11,631     Deferred revence   39,765   \$ 19,800   \$ 11,631     Deferred revence   6,387   4,390   \$ 2,865     Operating lease lability obligations   4,396   4,735   1,861     Income taxes   9	Cash and cash equivalents	\$	59,306	\$	55,175	\$	41,918
Income taxes receivable   59   58   61     Prepaid expenses and other current assets   28.775   32.007   13.036     Propeid expenses and other current assets   21.941   21.943   134.599     Propeid expenses and other current assets   91.670   106.059   33.622     Operating lease ingtr of use assets   6.660   7.124   6.338     Marketable securities, less current portion   40   40   40     Deferred income taxes   2.745   2.866   1.833     Goodwill   117.065   163.489   114.511     Intrangule assets, net   67.738   7.760   7.334     Total assets   \$ 39.755   \$ 19.800   \$ 11.631     Current labilities:   -   -   -     Accounts payable   6.357   4.755   1.861     Deferred revenue   6.357   7.831   19.292     Orber current labilities   -   -   -     Accounts payable   66.754   7.5331   19.292     Other current labilities   -   10.51	Marketable securities		11,444		22,158		37,367
Prepaid expenses and other current assets   22,175   32,107   13,036     Total current assets   21,941   21,943   134,599     Property and equipment, net   6,680   7,124   6,338     Operating lease right of use assets   6,680   7,124   6,338     Marketable securities, less current portion   40   40   40     Deferred income taxes   2,745   2,2665   1,843     Goodwill   171,065   153,499   114,511     Intragible assets, net   67,738   72,655   14,613     Other assets   7,780   72,865   14,613     Deferred revenue   6,857   4,790   3,266     Operating lease lability obligations   4,336   4,755   1,861     Income taxes payable   5,857   19,800   \$   11,631     Deferred revenue   6,857   4,790   3,266   0,755   1,861     Operating lease lability obligations, less current portions   10,511   11,832   9,616     Operating lease lability obligations, less curent portions   9,51 <td>Accounts receivable, net</td> <td></td> <td>122,397</td> <td></td> <td>108,445</td> <td></td> <td>42,217</td>	Accounts receivable, net		122,397		108,445		42,217
Total current assets   217,943   217,943   134,599     Property and equipment, net   91,670   106,699   33,622     Operating lease right of use assets   6,680   7,124   6,338     Marketable securities, less current portion   40   40   40     Deferred income taxes   2,145   2,666   1,833     Goodwill   111,065   165,499   114,611     Intrangble assets, net   6,738   7,780   7,334   5,465     Total assets   7,780   7,334   5,465   114,611     Current labilities:   7,780   7,334   5,465   1,811     Deferred revenue   6,557   1,9,000   \$ 11,631     Deferred revenue   6,557   1,9,000   \$ 11,631     Deferred revenue   6,557   1,861   19,282     Operating lease liability obligations   4,395   14,498   66,923     Operating lease liability obligations, less current portions   10,511   11,352   9,616     Deferred revenue, less current portions   10,511   11,352	Income taxes receivable		59		58		61
Property and equipment, net   91,670   106,059   33,622     Operating lease night of use assets   6,680   7,124   6,388     Marketable securities, less current portion   2,745   2,966   1,893     Obder assets   6,7788   72,655   14,613     Other assets   67,788   72,655   14,613     Other assets   \$569,699   \$577,510   \$311,101     LABILITIES AND STOCKHOLDERS' EQUITY     Current labilities:     Accounts payable   \$39,755   \$19,800   \$11,631     Deferred revenue   6,357   4,790   3,266     Operating lease lability obligations   4,396   4,755   1,861     Income taxes payable   68,754   75,991   19,292     Other current labilities   105,11   11,352   96,35,22     Operating lease lability obligations, less current portions   10,511   11,352   92,23     Other current labilities   75,391   19,292   107,685   104,998   36,522     Convertakes lability obligations, less current portions </td <td>Prepaid expenses and other current assets</td> <td></td> <td>28,775</td> <td></td> <td>32,107</td> <td></td> <td>13,036</td>	Prepaid expenses and other current assets		28,775		32,107		13,036
Operating lease injurt use assets   6,600   7,124   6,388     Marketable securities, less current portion   40   40   40     Deferrei fricome taxes   2,745   2,866   1,833     Goddwill   1171,065   163,489   1144,511     Intrangile assets, net   67,738   72,265   14,613     Other assets   7,780   7,734   5,465     Total assets   5,63,099   \$,577,510   \$,311,101     LABILITIES AND STOCKHOLDERS' EQUITY     Current labilities:     Accounts payable   \$,397,55   \$,19,800   \$,11,631     Deferred revenue   6,367   4,700   3,262     Operating lease lability obligations   4,396   4,755   1,861     Income taxes payable   4,396   4,755   1,861     Operating lease lability obligations, less current portions   10,511   11,352   9,516     Deferred income taxes   96,754   75,391   19,292   121,762     Operating lease lability obligations, less current portions   10,511   11,352	Total current assets		221,981		217,943		134,599
Marketable securities, less current portion   40	Property and equipment, net		91,670		106,059		33,622
Deferred income taxes   2,745   2,866   1,833     Goodwill   171,065   163,499   114,511     Intrangible assets, net   67,738   7,265   14,613     Other assets   7,780   7,334   5,465     Total assets   563,699   \$ 517,510   \$ 311,101     LABILITIES AND STOCKHOLDERS' EQUITY     Current liabilities:     Accounts payable   563,699   \$ 19,800   \$ 11,631     Deferred revenue   6,537   4,796   4,286     Operating lease liability obligations   4,33   262   873     Other current liabilities   137,695   104,998   36,523   19,900   \$ 11,631     Other current liabilities   10,511   11,852   9,616   95   100   308   36,523   146   102,202   121,782   9,616   105,511   11,852   9,616   106,511   11,852   9,616   105,523   116   774,965   240,699   169,522   100   308   36,523   116   7716   7	Operating lease right of use assets		6,680		7,124		6,338
Deferred income taxes   2,745   2,866   1,893     Goodwill   171,065   163,489   114,511     Irtrangble assets, net   67,738   7,234   5,485     Total assets   7,780   7,334   5,485     Total assets   7,780   7,334   5,485     Current labilities:   7,780   7,334   5,485     Accounts payable   5,39,755   \$ 19,800   \$ 11,631     Deferred revenue   6,387   4,790   3,266     Operating lease liability obligations   4,396   4,755   1,861     Income taxes payable   86,754   75,391   19,292     Total current liabilities   86,754   75,391   19,292     Total current liabilities   137,695   104,998   36,933     Convertible service norme taxes   10,511   11,352   9,616     Deferred revenue, less current portions   2,398   1,550   116     Orter current liabilities   7,700   71,70   777,305     Convertible preferred shocont pages   95   100	Marketable securities, less current portion		40		40		40
Intangible assets, net 67,738 72,665 14,613   Other assets 7,780 7,394 5,4465   Total assets \$ 569,699 \$ 577,510 \$ 311,101   LABILITIES AND STOCKHOLDERS' EQUITY   Current labilities:   Accounts payatie   Deferred revenue   Operating lease liability obligations 11,631   Income taxes payatie 6,557 4,790 3,226   Operating lease liability obligations 4,396 4,755 1,861   Income taxes payatie 86,754 75,391 19,292   Total current liabilities 137,695 104,998 36,293   Convertible serior notes, net 122,2416 122,202 121,782 9,616   Deferred revenue, less current portion 2,338 1,530 116 777   Deferred revenue, less current portion 2,338 1,530 169,552 240,898 169,552   Deferred revenue, less current portion 2,338 1,530 116 777 777   Commitments and contingencies 240,898 169,552 240,898 <t< td=""><td></td><td></td><td>2,745</td><td></td><td>2,866</td><td></td><td>1,893</td></t<>			2,745		2,866		1,893
Other assets   7,780   7,334   5,485     Total assets   \$ 569,699   \$ 577,510   \$ 311,101     LABILITIES AND STOCKHOLDERS' EQUITY   Current labilities:   8   39,755   \$ 19,800   \$ 11,631     Deferred revenue   6,357   4,790   3,266   433   262   873     Operating lease lability obligations   4,396   4,755   1,861   16,81   136,851   122,416   122,202   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   100   308   169,523   100   308   169,523   176,301   116   17,539   116   17,539   116   17,539   116   17,02   100   308   169,522   100   308 <t< td=""><td>Goodwill</td><td></td><td>171,065</td><td></td><td>163,489</td><td></td><td>114,511</td></t<>	Goodwill		171,065		163,489		114,511
Other assets   7,780   7,334   5,485     Total assets   \$ 569,699   \$ 577,510   \$ 311,101     LABILITIES AND STOCKHOLDERS' EQUITY   Current labilities:   8   39,755   \$ 19,800   \$ 11,631     Deferred revenue   6,357   4,790   3,266   433   262   873     Operating lease lability obligations   4,396   4,755   1,861   16,81   136,851   122,416   122,202   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   121,782   9,616   19,292   100   308   169,523   100   308   169,523   176,301   116   17,539   116   17,539   116   17,539   116   17,02   100   308   169,522   100   308 <t< td=""><td>Intanoible assets, net</td><td></td><td>67,738</td><td></td><td>72.655</td><td></td><td>14,613</td></t<>	Intanoible assets, net		67,738		72.655		14,613
Total assets   \$ 569,699   \$ 577,510   \$ 311,101     LIABILITIES AND STOCKHOLDERS' EQUITY     Current labilities:   *   4.counts payable   \$ 39,755   \$ 19,800   \$ 11,631     Deferred revenue   6,357   4,790   \$ 2,266   0.9755   \$ 19,800   \$ 11,631     Operating lease lability obligations   4,396   4,755   1,861   1.631     Income taxes payable   433   262   873     Other current liabilities   86,754   75,991   19,292     Total current liabilities   137,695   104,998   36,2923     Convertible senior notes, net   0.0511   11,522   9,616     Deferred income taxes   95   100   308     Deferred income taxes   95   100   308     Deferred income taxes   2,388   1,530   116     Other current liabilities   210,511   11,522   9,616     Deferred revenue, less current portion   2,388   1,530   116     Other current liabilities   274,365   240,698			7,780		7,334		5,485
Current liabilities:   \$ 39,755   \$ 19,800   \$ 11,631     Deferred revenue   6,357   4,709   3,262   8,733     Operating lease liability obligations   4,396   4,755   1,661     Income taxes payable   433   262   8,73     Other current liabilities   137,695   104,998   36,953     Convertible serior notes, net   137,695   104,998   36,953     Convertible serior notes, net   122,416   122,202   121,782     Operating lease liability obligations, less current portions   10,511   11,352   9,616     Deferred revenue, less current portion   2,938   1,530   1116     Other long-term liabilities   710   710   777     Total liabilities   274,365   240,898   169,522     Commitments and contingencies   31,690   16,900   -     Stockholders' equity:   222   220   134     Commitments and contingencies   30,000 shares authorized; 221,563, 219,706 and 134,337 shares issued and outstanding   -   -   -     Couthiger effera	Total assets	\$	569,699	\$	577,510	\$	311,101
Accounts payable   \$ 39,755   \$ 19,800   \$ 11,631     Deferred revenue   6,357   4,790   3,266     Operating lease liability obligations   4,396   4,755   1,861     Income taxes payable   433   262   873     Other current liabilities   86,754   75,991   19,292     Total current liabilities   137,695   104,998   36,923     Convertible senior notes, net   122,416   122,202   121,782     Operating lease liability obligations, less current portions   10,511   11,352   9,616     Deferred revenue, less current portion   2,938   1,530   116     Other long-term liabilities   710   716   7177     Total liabilities   274,365   240,998   169,522     Common stock, \$0.001 par value; 7,500 shares authorized; no shares issued and outstanding outstanding at September 30, 2022, June 30, 2022 and December 31, 2021, respectively   222   220   134     Additional paid-in capital   797,508   793,522   576,807   6,876     Contingent consideration   16,300   16,900   - <td>LIABILITIES AND STOCKHOLDERS' EQUITY</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	LIABILITIES AND STOCKHOLDERS' EQUITY						
Deferred revenue   6,357   4,790   3,266     Operating lease liability obligations   4,396   4,755   1,861     Income taxes payable   433   262   873     Other current liabilities   6,754   75,391   19,292     Total current liabilities   137,695   104,998   36,923     Convertible senior notes, net   10,511   11,352   9,616     Deferred revenue, less current portions   10,511   11,352   9,616     Deferred revenue, less current portions   95   100   308     Deferred revenue, less current portion   2,938   1,530   116     Other compterm liabilities   710   716   7710     Total liabilities   274,365   240,898   169,522     Commothers' equity:   222   220   134     Convertible preferred stock, \$0.001 par value; 7,500 shares authorized; no shares issued and outstanding   -   -     Convertible preferred stock, \$0.001 par value; 300,000 shares authorized; 021,respectively   222   220   134     Addititional pad-in capital   797,508	Current liabilities:						
Operating lease liability obligations   4,396   4,755   1,861     Income taxes payable   433   262   873     Other current liabilities   86,754   75,391   19,292     Total current liabilities   137,695   104,998   366,923     Convertible senior notes, net   122,416   122,202   121,782     Operating lease liability obligations, less current portions   10,511   11,352   9,616     Deferred revenue, less current portion   2,938   1,530   116     Other long-term liabilities   710   716   777     Total liabilities   274,365   240,898   169,522     Commitments and contingencies   326,223   274,365   240,898   169,522     Common stock, \$0.001 par value; 7,500 shares authorized; no shares issued and outstanding   -   -   -     Convertible preferred stock, \$0.001 par value; 7,500 shares authorized; no shares issued and outstanding   -   -   -     Commitments and contingencies   320,000 shares authorized; no shares issued and outstanding   -   -   -     Contrigent consideration	Accounts payable	\$	39,755	\$	19,800	\$	11,631
Income taxes payable   433   262   873     Other current liabilities   66,754   75,391   19,292     Total current liabilities   137,695   104,998   36,923     Convertible serior notes, net   122,416   122,202   121,782     Operating lease liability obligations, less current portions   10,511   11,352   9,616     Deferred income taxes   95   100   308     Deferred revenue, less current portion   2,938   1,530   116     Other long-term liabilities   710   716   777     Total liabilities   274,365   240,898   169,522     Commitments and contingencies   274,365   240,898   169,522     Common stock, \$0.001 par value; 7,500 shares authorized; no shares issued and outstanding   -   -     Convertible prefered stock, \$0.001 par value; 7,500 shares authorized; 221,583, 219,706 and 134,337 shares issued and outstanding   -   -     Contrigent consideration   16,300   16,900   -     Additional paid-in capital   797,508   793,522   576,807     Contingent consideration	Deferred revenue		6,357		4,790		3,266
Other current liabilities   86,754   75,391   19,292     Total current liabilities   137,695   104,998   36,923     Convertible senior notes, net   122,416   122,202   121,782     Operating lease liability obligations, less current portions   10,511   11,352   9,616     Deferred revenue, less current portion   2,338   1,530   116     Other long-term liabilities   710   716   777     Total liabilities   274,365   240,898   169,522     Commitments and contingencies   274,365   240,898   169,522     Common stock, \$0.001 par value; 7,500 shares authorized; no shares issued and outstanding outstanding at September 30, 2022, June 30, 2022 and December 31, 2021, respectively   222   220   134     Additional paid-in capital   797,508   793,522   576,807     Contingent consideration   16,300   16,900   -     Accumulated deficit   (505,234)   (462,617)   (427,017)     Total stockholders' equity   295,334   336,612   141,579	Operating lease liability obligations		4,396		4,755		1,861
Total current liabilities   137,695   104,998   36,923     Convertible senior notes, net   122,416   122,202   121,782     Operating lease liability obligations, less current portions   10,511   11,352   9,616     Deferred income taxes   95   100   308     Deferred revenue, less current portion   2,938   1,530   116     Other long-term liabilities   710   716   777     Total liabilities   274,365   240,898   169,522     Commitments and contingencies   274,365   240,898   169,522     Stockholders' equity.   274,365   240,898   169,522     Common stock, \$0.001 par value; 7,500 shares authorized; no shares issued and outstanding outstanding at September 30, 2022, June 30, 2022 and December 31, 2021, respectively   222   220   134     Additional pad-in capital   797,508   793,522   576,807   -     Contridgent consideration   16,300   16,900   -   -     Accurrulated other comprehensive loss   (13,462)   (11,413)   (63,445)   (427,017)     Accurrulated deficit	Income taxes payable		433		262		873
Convertible senior notes, net   122,416   122,202   121,782     Operating lease liability obligations, less current portions   10,511   11,352   9,616     Deferred income taxes   95   100   308     Deferred revenue, less current portion   2,938   1,530   116     Other long-term liabilities   710   716   777     Total liabilities   274,365   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; 221,583, 219,706 and 134,337 shares issued and outstanding   -   -     Contingent consideration   16,300   16,900   -     Additional paid-in capital   797,508   793,522   576,807     Contingent consideration   16,300   16,900   -     Accumulated deficit   (505,234)   (427,017)   (427,017)     Total stockholders' equity   295,334   336,612   141,579	Other current liabilities		86,754		75,391		19,292
Operating lease liability obligations, less current portions   10,511   11,352   9,616     Deferred income taxes   95   100   308     Deferred income taxes   95   100   308     Deferred income taxes   95   100   308     Deferred revenue, less current portion   2,938   1,530   116     Other long-term liabilities   274,365   240,898   169,522     Commitments and contingencies   274,365   240,898   169,522     Stockholders' equity   274,365   240,098   169,522     Common stock, \$0.001 par value; 7,500 shares authorized; no shares issued and outstanding outstanding at September 30, 2022, June 30, 2022, and December 31, 2021, respectively   222   220   134     Additional paid-in capital   797,508   793,522   576,807     Contingent consideration   16,300   16,900   -     Accumulated deficit   (505,234)   (462,617)   (427,017)     Total stockholders' equity   295,334   336,612   141,579	Total current liabilities		137,695		104,998		36,923
Deferred income taxes   95   100   308     Deferred revenue, less current portion   2,938   1,530   116     Other long-term liabilities   710   716   7710     Total liabilities   274,365   240,898   169,522     Commitments and contingencies   214,365   240,898   169,522     Commotible preferred stock, \$0.001 par value; 7,500 shares authorized; no shares issued and outstanding outstanding at September 30, 2022, June 30, 2022 and December 31, 2021, respectively   222   220   134     Additional pad-in capital   797,508   793,522   576,807     Contrident consideration   16,300   16,900   -     Accumulated other comprehensive loss   (13,462)   (11,413)   (8,345)     Accumulated deficit   (505,234)   (462,617)   (427,017)     Total stockholders' equity   295,334   336,612   141,579	Convertible senior notes, net		122,416		122,202		121,782
Deferred revenue, less current portion   2,938   1,530   116     Other long-term liabilities   710   716   777     Total liabilities   274,365   240,898   169,522     Commitments and contingencies   2   274,365   240,898   169,522     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; 221,583,219,706 and 134,337 shares issued and   134   -   -   -     Comtingent consideration   16,300   16,900   -   -   -   -     Additional paid-in capital   797,508   793,522   576,807   -   -   -     Contrigent consideration   16,300   16,900   -   -   -   -     Accumulated other comprehensive loss   (13,462)   (11,413)   (8,345)   -   -     Accumulated deficit   (505,234)   (462,617)   (427,017)   -   -     Total stockholders' equity   295,334   336,612	Operating lease liability obligations, less current portions		10,511		11,352		9,616
Other long-term liabilities   710   716   777     Total labilities   274,365   240,898   169,522     Commitments and contingencies   274,365   240,898   169,522     Stockholders' equity.   200,000 shares authorized; no shares issued and outstanding   -   -     Common stock, \$0.001 par value; 300,000 shares authorized; 221,583, 219,706 and 134,337 shares issued and outstanding at September 30, 2022, June 30, 2022 and December 31, 2021, respectively   222   220   134     Additional paid-in capital   797,508   793,522   576,807     Contingent consideration   16,300   16,900   -     Accumulated deficit   (13,462)   (11,413)   (8,345)     Accumulated deficit   (505,234)   (462,617)   (427,017)     Total stockholders' equity   295,334   336,612   141,579	Deferred income taxes		95		100		308
Total liabilities   274,365   240,898   169,522     Commitments and contingencies   Stockholders' equity   2   2   20,898   169,522     Common stock, \$0.001 par value; 7,500 shares authorized; no shares issued and outstanding outstanding ad-in capital pad-in capital pad-in capital   -   -   -     Contrigencies   222   220   134     Additional pad-in capital   797,508   793,522   576,807     Contrigent consideration   16,300   16,900   -     Accumulated other comprehensive loss   (13,462)   (11,413)   (8,345)     Accumulated deficit   (505,234)   (462,617)   (427,017)     Total stockholders' equity   295,334   326,612   141,579	Deferred revenue, less current portion		2,938		1,530		116
Commitments and contingencies   Stockholders' equity.   Convertible preferred stock, \$0.001 par value; 7,500 shares authorized; 00 shares issued and outstanding   Common stock, \$0.001 par value; 300,000 shares authorized; 221,583, 219,706 and 134,337 shares issued and   out standing at September 30, 2022, June 30, 2022 and December 31, 2021, respectively 222 220 134   Additional paid-in capital 797,508 793,522 576,807   Contingent consideration 16,300 16,900 -   Accumulated other comprehensive loss (13,462) (11,413) (8,345)   Accumulated deficit (505,234) (462,617) (427,017)   Total stockholders' equity 295,334 336,612 141,579	Other long-term liabilities		710		716		777
Stockholders' equity:   -	Total liabilities		274,365		240,898		169,522
Convertible prefered stock, \$0.001 par value; 7,500 shares authorized; no shares issued and outstanding   -   -   -     Common stock, \$0.001 par value; 300,000 shares authorized; 221,583,219,706 and 134,337 shares issued and outstanding at September 30, 2022, June 30, 2022 and December 31, 2021, respectively   222   220   134     Additional paid-in capital   797,508   793,522   576,807     Contingent consideration   16,300   16,900   -     Accumulated other comprehensive loss   (13,462)   (11,413)   (8,345)     Accumulated deficit   (505,234)   (462,617)   (427,017)     Total stockholders' equity   295,334   336,612   141,579	Commitments and contingencies						
Common stock, \$0.001 par value; 300,000 shares authorized; 221,583, 219,706 and 134,337 shares issued and outstanding at September 30, 2022, June 30, 2022 and December 31, 2021, respectively   222   220   134     Additional paid-in capital   797,508   793,522   576,807     Contingent consideration   16,300   16,900   -     Accumulated other comprehensive loss   (13,462)   (11,413)   (8,345)     Accumulated deficit   (505,234)   (462,617)   (427,017)     Total stockholders' equity   295,334   336,612   141,579	Stockholders' equity:						
outstanding at September 30, 2022, June 30, 2022 and December 31, 2021, respectively   222   220   134     Additional paid-in capital   797,508   793,522   576,807     Contingent consideration   16,300   16,900   -     Accumulated other comprehensive loss   (13,462)   (11,413)   (8,345)     Accumulated deficit   (505,234)   (462,617)   (427,017)     Total stockholders' equity   295,334   336,612   141,579	Convertible preferred stock, \$0.001 par value; 7,500 shares authorized; no shares issued and outstanding		-		-		-
Additional paid-in capital   797,508   793,522   576,807     Contingent consideration   16,900   -     Accumulated other comprehensive loss   (13,462)   (11,413)   (8,345)     Accumulated deficit   (505,234)   (462,617)   (427,017)     Total stockholders' equity   295,334   336,612   141,579	Common stock, \$0.001 par value; 300,000 shares authorized; 221,583, 219,706 and 134,337 shares issued and						
Contingent consideration   16,300   16,900   -     Accumulated other comprehensive loss   (13,462)   (11,413)   (8,345)     Accumulated deficit   (505,234)   (462,617)   (427,017)     Total stockholders' equity   295,334   336,612   141,579	outstanding at September 30, 2022, June 30, 2022 and December 31, 2021, respectively		222		220		134
Contingent consideration   16,300   16,900   -     Accumulated other comprehensive loss   (13,462)   (11,413)   (8,345)     Accumulated deficit   (505,234)   (462,617)   (427,017)     Total stockholders' equity   295,334   336,612   141,579	Additional paid-in capital		797.508		793.522		576.807
Accumulated other comprehensive loss   (13,462)   (11,413)   (8,345)     Accumulated deficit   (505,234)   (462,617)   (427,017)     Total stockholders' equity   295,334   336,612   141,579	Contingent consideration		16,300		16,900		-
Accumulated deficit   (505,234)   (462,617)   (427,017)     Total stockholders' equity   295,334   336,612   141,579							(8,345)
Total stockholders' equity 295,334 336,612 141,579							
		\$		\$		\$	

#### EDGIO, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (In thousands, except per share data) (Unaudited)

		Three	Nine Months Ended						
	September 30, 2022	June 30, 2022	Percent Change	September 30, 2021	Percent Change	September 30, 2022	September 30, 2021	Percent Change	
Revenue	\$ 121,156	\$ 74,312	63%	\$ 55,202	119%	\$ 253,426	\$ 154,745	64%	
Cost of revenue:									
Cost of services (1)	74,421	46,088	61%	33,687	121%	155,578	99,708	56 %	
Depreciation - network	9,841	5,903	67%	5,685	73%	20,833	17,293	20 %	
Total cost of revenue	84,262	51,991	62%	39,372	114%	176,411	117,001	51%	
Gross profit	36,894	22,321	65%	15,830	133%	77,015	37,744	104%	
Gross profit percentage	30.5%	30.0%		28.7%		30.4%	24.4%		
Operating expenses:									
General and administrative (1)	22,198	26,927	-18%	10,532	111%	64,958	30,944	110%	
Sales and marketing (1)	14,428	10,946	32%	5,987	141%	33,001	21,619	53%	
Research & development (1)	30,173	12,161	148%	5,205	480%	51,911	16,520	214%	
Depreciation and amortization	5,943	1,508	294%	730	714%	8,483	1,818	367%	
Restructuring charges	4,070	4,368	-7 %	1,770	130%	9,136	10,798	-15%	
Total operating expenses	76,812	55,910	37%	24,224	217%	167,489	81,699	105%	
Operating loss	(39,918)	(33,589)	NM	(8,394)	NM	(90,474)	(43,955)	NM	
Other income (expense):									
Interest expense	(1,317)	(1,315)	NM	(1,308)	NM	(3,945)	(3,899)	NM	
Interest income	140	<b>`</b> 33	NM	17	NM	200	104	NM	
Other, net	(1,082)	(1.146)	NM	(209)	NM	(2.941)	(864)	NM	
Total other expense	(2,259)	(2,428)	NM	(1,500)	NM	(6,686)	(4,659)	NM	
Loss before income taxes	(42,177)	(36,017)	NM	(9,894)	NM	(97,160)	(48,614)	NM	
Income tax expense (benefit)	(42,177)	(19,589)	NM	(3,334)	NM	(18,943)	(40,014) 718	NM	
nicome tax expense (benent)	440	(15,365)	TNIVI	211_	INIVI	(10,343)	710_	INIVI	
Netloss	<u>\$ (42,617)</u>	<u>\$ (16,428)</u>	NM	<u>\$ (10,105)</u>	NM	<u>\$ (78,217)</u>	\$ (49,332)	NM	
Net loss per share:									
Basic	\$ (0.19)	\$ (0.11)		\$ (0.08)		\$ (0.46)	\$ (0.39)		
Diluted	\$ (0.19)	\$ (0.11)		\$ (0.08)		\$ (0.46)	\$ (0.39)		
Weighted average shares used in per share calculation:									
vveighted average shares used in per share calculation: Basic	220,194	151,776		126,791		169,166	125,710		
Diluted	220,194	151,776		126,791		169,166	125,710		
Diated	220,194	151,776		126,791		169,166	125,710		

(1) Includes share-based compensation (see supplemental table for figures)

### EDGIO, INC. SUPPLEMENTAL FINANCIAL DATA (In thousands) (Unaudited)

	Three Months Ended							Nine Months Ended				
	September 30, 2022		June 30, 2022		September 30, 2021		September 30, 2022		September 30, 2021			
Share-based compensation:												
Cost of services General and administrative Sales and marketing Research and development Restructuring charges	\$	855 2,200 727 4,571 -	\$	326 2,166 1,376 3,423 -	\$	438 2,301 640 662 (384)	\$	1,589 6,469 3,284 11,314 -	\$	1,142 10,203 1,598 1,647 <u>1,887</u>		
Total share-based compensation	\$	8,353	\$	7,291	\$	3,657	\$	22,656	\$	16,477		
Depreciation and amortization:												
Network⊱related depreciation Other depreciation and amortization Amortization of intangible assets	\$	9,841 1,026 4,917	\$	5,903 336 <u>1,172</u>	\$	5,685 409 321	\$	20,833 1,608 6,875	\$	17,293 1,497 <u>321</u>		
Total depreciation and amortization	\$	15,784	\$	7,411	\$	6,415	\$	29,316	\$	19,111		
Net (decrease) increase in cash, cash equivalents and marketable securities:	\$	(6,583)	\$	15,407	_\$	(43,750)	\$	(8,535)	\$	(47,937)		
End of period statistics:												
Approximate number of active clients		996		1,000		581		996		581		
Number of employees and employee equivalents		1,256		1,317		529		1,256		529		

### **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 our 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 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 interest expense, interest and other (income) expense, income tax expense, and depreciation and amortization. We define Adjusted EBITDA as EBITDA adjusted to exclude share-based compensation, restructuring 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, and they also enable us to compare 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. 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:

Non-GAAP net income (loss), 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), EBITDA, 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;

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 financial 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 in thousands.

### **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. Per share amounts may not foot due to rounding.

EDGIO, INC. Reconciliation of U.S. GAAP Net Loss to Non-GAAP Net Income (Loss) (In thousands) (Unaudited)								
			Three Mo	nths Ended			Nine Mo	nths Ended
	Septembe	September 30, 2022 June 30, 2022 September 30, 2021					September 30, 2022	September 30, 2021
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount Per Share	Amount Per Share
U.S. GAAP net loss	\$ (42,617)	\$ (0.19)	\$ (16,428)	\$ (0.11)	\$ (10,105)	\$ (0.08)	\$ (78,217) \$ (0.46)	\$ (49,332) \$ (0.39)
Share-based compensation Non-cash interest expense Restructuring charges Acquisition and legal related expenses Amortization of intangible assets	8,353 214 4,070 8,529 4,917	0.04 0.00 0.02 0.04 0.02	7,291 211 4,368 14,167 1,172	0.05 0.00 0.03 0.09 0.01	4,041 204 1,770 2,263 321	0.03 0.00 0.01 0.02 0.00	22,656 0.13 634 0.00 9,136 0.05 27,803 0.16 <u>6,875</u> 0.04	10,026   0.08     604   0.00     15,625   0.12     2,441   0.02     321   0.00
Non-GAAP net (loss) income	\$ (16,534)	\$ (0.08)	\$ 10,781	\$ 0.07	\$ (1,506)	\$ (0.01)	<u>\$ (11,113)</u> <u>\$ (0.07</u>	\$ (20,315) \$ (0.16)
Weighted average basic shares used in per share calculation		220, 194		151,776		126,791	169, 166	125,710

#### EDGIO, INC. Reconciliation of U.S. GAAP Net Loss to EBITDA to Adjusted EBITDA (In thousands) (Unaudited)

		Tł	ree	Months End			Nine Months Ended				
	September 30, 2022		June 30, 2022		September 30, 2021		September 30, 2022		September 30 2021		
U.S. GAAP net loss	\$	(42,617)	\$	(16,428)	\$	(10,105)	\$	(78,217)	\$	(49,332)	
Depreciation and amortization Interest expense Interest and other expense Income tax expense (benefit)		15,784 1,317 942 440		7,411 1,315 1,113 (19,589)		6,415 1,308 192 211		29,316 3,945 2,741 (18,943)		19,111 3,899 760 718	
EBITDA	\$	(24,134)	\$	(26,178)	\$	(1,979)	\$	(61,158)	\$	(24,844)	
Share-based compensation Restructuring charges Acquisition and legal related expenses		8,353 4,070 8,529		7,291 4,368 14,167		4,041 1,770 2,263		22,656 9,136 27,803		10,026 15,625 2,441	
Adjusted EBITDA	\$	(3,182)	\$	(352)	\$	6,095	\$	(1,563)	\$	3,248	

For future periods, we are unable to provide a reconciliation of EBITDA and Adjusted EBITDA to net income (loss) as a result of the uncertainty regarding, and the potential variability of, the amounts of depreciation and amortization, interest expense, interest and other (income) expense and income tax expense (benefit), that may be incurred in the future.

### **Conference Call**

At approximately 4:30 p.m. EDT (1:30 p.m. PDT) today, management will host a quarterly conference call for investors. Interested parties can access the call by dialing (844) 200-6205 from the United States or (929) 526-1599 internationally, with access code **256972**. The conference call will also be audio cast live from <u>www.edg.io</u> and a replay will be available following the call from the <u>Edgio website</u>.

### **Forward-Looking Statements**

This press release contains forward-looking statements that involve risks and uncertainties. These statements include, among others, statements regarding our expectations regarding revenue, gross margin, non-GAAP net income (loss), EBITDA, Adjusted EBITDA, capital expenditures, and our future prospects, areas of investment, and product launches. Our expectations and beliefs regarding these matters may not materialize. The potential risks and uncertainties that could cause actual results or outcomes to differ materially from the results or outcomes predicted include, among other things, reduction of demand for our services from new or existing clients, unforeseen changes in our hiring patterns, adverse outcomes in litigation, experiencing expenses that exceed our expectations, and acquisition activities and contributions from acquired businesses. A detailed discussion of these factors and other risks that affect our business is contained in our SEC filings, including our most recent reports on Forms 10-K and 10-Q, particularly under the heading "Risk Factors." Copies of these filings are available online on our investor relations website at investors.edgio.com and on the SEC website at www.SEC.gov. All information provided in this release and in the attachments is as of November

9, 2022, and we undertake no duty to update this information in light of new information or future events, unless required by law.

### About Edgio

Edgio (NASDAQ: EGIO) provides unmatched speed, security, and simplicity at the edge through globally-scaled media and applications platforms. The world's most innovative companies and online properties – from entertainment, technology, retail, and finance – rely on our technology and services to accelerate and defend their web applications, APIs, and content. As the world continues to move to the edge, Edgio is the platform of choice to power valuable business outcomes. To learn more, visit edg.io and follow us on Twitter, LinkedIn and Facebook.

Source: Edgio

### CONTACT:

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**Ticker Slug:** 

Ticker: EGIO

Exchange: NASDAQ

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