Edgecast Limited

Report and financial statements

Registered number 8524398

31 December 2021

Contents

Corporate information

Directors

R Heho	(appointed 25 February 2021)
J Partridge	(appointed 25 February 2021)
K Carlet	(resigned 1 November 2021)

Secretary

M Samuels

Bankers

Bank of America, N.A.
2 King Edward Street
London EC1A 1HQ

Auditor

Ernst & Young
Chartered Accountants
Harcourt Centre
Harcourt Street
Dublin
Ireland

Registered Office

MidCity Place
71 High Holborn
London, WC1V 6DA
United Kingdom

Strategic report

The directors present the strategic report for the year ended 31 December 2021.

The accounts of Edgecast Limited, formerly Verizon Digital Media Services UK Limited, (the "Company") are prepared under FRS 101 – Reduced Disclosure Framework and the Company has taken advantage of the disclosure exemptions allowed under this standard. The Company's immediate parent undertaking Edgecast Inc., formerly Verizon Digital Media Services Inc., a company incorporated and existing in the United States of America, was notified of and did not object to the use of the UK-adopted IFRS disclosure exemptions.

Business review

Business update

In May 2021, Verizon Communications Inc, together with Verizon Business International Holdings B.V., a private limited liability company organised and existing under the laws of the Netherlands and wholly owned subsidiary of Verizon Communications Inc (together with Verizon, the "Sellers"), entered into a stock purchase agreement (the "Purchase Agreement") with College Parent, L.P., a Delaware limited partnership ("Purchaser"). Pursuant to the Purchase Agreement, upon the terms and subject to the conditions thereof, the Sellers will sell to Purchaser all of the outstanding equity interests of Yahoo Inc., formerly Oath Inc., a Delaware corporation, and Yahoo Netherlands B.V., formerly Verizon Media Netherlands B.V., a private limited liability company organized under the laws of the Netherlands, which together comprise Verizon's Verizon Media Group business (the "Sale"). The consideration for the Sale will consist of $4.25 billion in cash, subject to customary adjustments, $750,000,000 in non-convertible preferred limited partnership units of the Purchaser, and 10% of the fully-diluted common limited partnership units of the Purchaser. Yahoo Inc. is an intermediate parent entity of Edgecast Limited. The deal closed on the 1 September 2021. Yahoo Inc. business of providing content delivery and video streaming platforms (the "Edgecast Business") transferred to the purchaser under the Purchase Agreement.

As a result of the sale, from 1 September 2021 the Company became responsible for selling business services to customers in the EMEA region and some international markets.

The COVID-19 pandemic has continued to impact businesses in the United Kingdom to various degrees during the year, however the Company did not see a significant impact on its business.

On 1 November 2021, the Company changed its name from Verizon Digital Media Services UK Limited to Edgecast Limited.

On 3 August 2021 the Company incorporated Yahoo Edgecast Services Limited through the issue of one ordinary share for £1 and is the sole shareholder. On 30 September 2021 Yahoo Edgecast Services Limited changed its name to Edgecast Services Limited. Edgecast Services Limited provides international point of presence services to support the Edgecast business. On 23 December 2021 the Company made a capital contribution of its loan receivable balance owed by Edgecast Services Limited for £31,023,464.

Principal activity
The Company was incorporated on 10 May 2013. The Company continues to look to develop its footprint and brand. The Company is a direct subsidiary of Edgecast Inc. whose principal activity is the delivery of data through a global content delivery network.

Performance in the year
Gross profit is similar year on year. Revenue has increased by £1,746,990. From September 2021 the Company started to record revenue for the wider EMEA market plus some international markets also, whereas the 2020 revenue consisted of revenue solely from the UK market. This change drove a revenue increase of £3,236,000. This increase year on year was partially offset by the receipt of a business service fee from Edgecast Inc. of £1,489,010 for 2020. Cost of Sales has increased by £1,179,393 due to the Company having to make net business service fee payments to Edgecast Inc. of £1,194,561 for 2021.

Strategic report (continued)

Profit before tax for the financial year was £2,961,162 (2020: £7,423,280). The decrease was primarily driven by foreign exchange movements, with a loss in the year of £45,677 (2020: gain of £5,965,735), offset partly by an increase in the net interest receivable by £1,522,992.

Principal risks and uncertainties
The principal risks and uncertainties facing the Company are:

Operational risks
There are several operational risks that could, alone or in combination with other factors, impede companies in the industry from the ability to increase revenues and/or moderate expenses, including:

- continuing market pressure to decrease our prices;
- failure to adequately enhance our services and develop attractive new ones;
- inability to limit our co-location and bandwidth costs;
- increased headcount or other operating expenses;
- inability to develop effective new sales channels; and
- failure of a significant number of customers to pay our fees on a timely basis or at all or failure to continue to purchase our services in accordance with their contractual commitments.

Funding risk
The risk of being unable to fund the operations on an ongoing basis has been mitigated through the level of financial support available from the ultimate parent company.

Economic risk
The ongoing COVID-19 pandemic continues to impact businesses and society to varying degrees in many countries across the world including the United Kingdom. The responses, in dealing with the pandemic and recent surge in new variants, continue to interfere with normal activity levels across the community, the economy and business operations as it has done so since March 2020.

The rollout of several newly developed vaccines coupled with sensible Government policy has seen a gradual and safe return to a more normal, pre pandemic, situation. It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the company at this time. So far, the Company has not seen a significant impact on our business to date.

Events since the balance sheet date
Limelight Networks, Inc., a Delaware corporation ("Purchaser" or "Limelight"), entered into a Stock Purchase Agreement, dated 6 March 2022 (the "Purchase Agreement"), by and between Limelight and College Parent, L.P., a Delaware limited partnership ("Seller"), pursuant to which Limelight will acquire all of Seller's right, title and interest in and to all of the outstanding shares of common stock of Edgecast Inc., a California corporation and an indirectly wholly owned subsidiary of Seller ("Edgecast"), and certain specified assets for an aggregate number of shares of common stock, par value $0.001, of Limelight (the "Purchaser Common Shares") equal to approximately 72.2 million Purchaser Common Shares representing a value of approximately $300 million (the "Purchaser Common Share Closing Consideration"), subject to the terms and conditions of the Purchase Agreement (the "Purchase"). The Purchaser Common Share Closing Consideration also includes a $30 million investment in Limelight by Seller. Seller can also receive up to an additional 12.7 million shares of Limelight representing up to an additional $100 million in consideration, over the period ending on the third anniversary of the closing of the transaction, subject to the achievement of certain share-price targets (the "Earnout Purchaser Shares").

The Sale is subject to customary regulatory approvals and closing conditions but is anticipated to close before the end of 2022.

Strategic report (continued)

On 1 April 2022 the sole shareholder, Edgecast Inc., made a contribution of USD 12,390,004 to the Company. Later in April, in consideration for this contribution, 1 ordinary share of £1.00 (nominal value) was allotted and the GBP equivalent of the remaining value deemed share premium.

In April 2022, the Company transferred the contribution monies received and also assigned its loan receivable balance owing from Yahoo Inc. of $201.7 million to Yahoo Netherlands B.V. in settlement of its outstanding Cash Pool payable balance.

Other than as described above, there were no other significant events to report.

DocuSigned by:
Richard Heho
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Richard Heho,
Director
30 May 2022

Directors' report

The directors present the financial statements of Edgecast Limited, formerly Verizon Digital Media Services UK Limited, (the "Company") for the period from 1 January 2021 to 31 December 2021.

The audited financial statements for the year ended 31 December 2021 are set out on pages 12 to 28.

Dividends
The directors do not recommend the payment of a final dividend (2020: £nil).

Future developments
Future growth will be focused on expansion of current infrastructure and growth of sales.

Going Concern
The Company's business activities are set out in the Strategic Report.

Management response to the impact of the ongoing COVID-19 pandemic is set out in the economic risk section of the Strategic report. It is the directors' view, and to the best of their current knowledge, that COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern.

The Company's net current liability position at year-end was significantly improved in April 2022 by a capital contribution of USD 12.39 million from the sole shareholder, Edgecast Inc. This contribution was used to repay the Cash Pool payable balance owing to Yahoo Netherlands B.V., formerly Verizon Media Netherlands B.V., along with assigning the short-term loan debtor balance of $201.7 million owing to the Company from Yahoo Inc.

The directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors of the company
The directors who served during the period and to the date of this report were as follows:

R Heho	(appointed 25 February 2021)
J Partridge	(appointed 25 February 2021)
K Carlet	(resigned 1 November 2021)

Directors' Indemnity
The Company has granted indemnity to its directors against liability in respect of proceedings brought by third parties, subject to conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision was in force during the period and is in force as at the date of approving the directors' report.

Events since the balance sheet date
Limelight Networks, Inc., a Delaware corporation ("Purchaser" or "Limelight"), entered into a Stock Purchase Agreement, dated 6 March 2022 (the "Purchase Agreement"), by and between Limelight and College Parent, L.P., a Delaware limited partnership ("Seller"), pursuant to which Limelight will acquire all of Seller's right, title and interest in and to all of the outstanding shares of common stock of Edgecast Inc., a California corporation and an indirectly wholly owned subsidiary of Seller ("Edgecast"), and certain specified assets for an aggregate number of shares of common stock, par value $0.001, of Limelight (the "Purchaser Common Shares") equal to approximately 72.2 million Purchaser Common Shares representing a value of approximately $300 million (the "Purchaser Common Share Closing Consideration"), subject to the terms and conditions of the Purchase Agreement (the "Purchase"). The Purchaser Common Share Closing Consideration also includes a $30 million investment in Limelight by Seller. Seller can also receive up to an additional 12.7 million shares of Limelight representing up to an additional $100 million in consideration, over the period ending on the third anniversary of the closing of the transaction, subject to the achievement of certain share-price targets (the "Earnout Purchaser Shares").

The Sale is subject to customary regulatory approvals and closing conditions but is anticipated to close before the end of 2022.

Directors' report (continued)

On 1 April 2022 the sole shareholder, Edgecast Inc., made a contribution of USD 12,390,004 to the Company. Later in April, in consideration for this contribution, 1 ordinary share of £1.00 (nominal value) was allotted and the GBP equivalent of the remaining value deemed share premium.

In April 2022, the Company transferred the contribution monies received and also assigned its loan receivable balance owing from Yahoo Inc. of $201.7 million to Yahoo Netherlands B.V. in settlement of its outstanding Cash Pool payable balance.

Other than as described above, there were no other significant events to report.

Disabled employees
The Company gives full consideration to applications for employment from people with disabilities.

Where existing employees become disabled, it is the Company's policy, wherever practicable, to make all reasonable adjustments, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion, wherever appropriate.

Employee consultation
The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through regular information bulletins, which seek to achieve a common awareness of the financial and economic factors affecting the performance of the business.

Disclosure of information to auditor
So far as the directors are aware as at the date of approving this report, there is no relevant audit information, being information needed by the auditor in connection with preparing this report, of which the auditor is unaware. Having made enquiries of the Company's auditor, the directors have taken all the necessary steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor
In accordance with the Companies Act 2006, the Company is not obligated to convene an Annual General Meeting. Ernst & Young, Chartered Accountants, will continue as the Company's auditor.

By order of the Board

DocuSigned by:

Richard Helo

Richard Hello

Director

30 May 2022

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DocuSigned by:
Richard Heho
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Richard Heho
Director
30 May 2022

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDGECAST LIMITED

Opinion

We have audited the financial statements of Edgecast Limited for the year ended 31 December 2021 which comprise the Income Statement and Other Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDGECAST LIMITED (Continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDGECAST LIMITED (Continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 101 "Reduced Disclosure Framework", the Companies Act 2006 and the relevant tax compliance regulations in the UK.
- We understood how Edgecast Limited is complying with those frameworks by making enquiries of management. We corroborated our enquiries through reading the board minutes of the company and we noted that there was no contradictory evidence.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDGECAST LIMITED (Continued)

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by enquiry of management, those charged with governance and others within the entity, as to whether they have knowledge of any actual or suspected fraud. Where this risk was considered higher, we performed audit procedures to address the fraud risk. These procedures included testing manual journal entries and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reading board minutes to identify any non-compliance with laws and regulations and enquiries of management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Dermot Quinn (Senior statutory auditor)
for and on behalf of Ernst & Young Chartered Accountants, Statutory Auditor

Dublin

1 June 2022

Income statement and other comprehensive income
for the year ended 31 December 2021

	Notes	**2021**	2020
		£	£
Turnover	*3*	**9,187,443**	7,440,453
Cost of sales		**(1,558,532)**	(448,579)
Gross profit		**7,628,911**	6,991,874
Net operating expenses		**(7,293,979)**	(671,832)
Operating profit	*4*	**334,932**	6,320,042
Interest payable and similar charges to group undertakings	*11*	**(3,651,739)**	(6,866,507)
Interest receivable and similar income from group undertakings	*10*	**6,277,969**	7,953,913
Interest receivable and similar income from third parties		**-**	15,832
Profit on ordinary activities before taxation		**2,961,162**	7,423,280
Tax on Profit on ordinary activities	*7*	**(182,316)**	-
Profit for the financial year		**2,778,846**	7,423,280
Other comprehensive profit/(loss) for the year, net of tax		**-**	-
Total comprehensive profit for the year		**2,778,846**	7,423,280

Statement of changes in equity

For the year ended 31 December 2021

	Share capital	Share Premium	Equity contributions from parent	Profit and loss account	Total Equity
	£	£	£	£	£
At 1 January 2020	**61,920,302**	**75,859,727**	**160,241**	**(130,420,986)**	**7,519,284**
Share-based payment transaction	-	-	(41,866)	-	(41,866)
Profit for the financial year	-	-	-	7,423,280	7,423,280
At 31 December 2020	**61,920,302**	**75,859,727**	**118,375**	**(122,997,706)**	**14,900,698**
Profit for the financial year	-	-	-	2,778,846	2,778,846
At 31 December 2021	**61,920,302**	**75,859,727**	**118,375**	**(120,218,860)**	**17,679,544**

Balance sheet
at 31 December 2021

	Notes	2021	2020
		£	£
Non-Current assets			
Tangible fixed assets	*8*	**60,623**	424,594
Financial fixed assets	*9*	**31,023,465**	-
		31,084,088	424,594
Current assets			
Debtors:			
- due within one year	*10*	**3,216,000**	18,047,668
- due after one year	*10*	**150,235,444**	149,286,987
Cash		**-**	-
		153,451,444	167,334,655
Creditors: amounts falling due within one year	*11*	**(166,855,988)**	(6,329,988)
Net current (liabilities)/assets		**(13,404,544)**	161,004,667
Creditors: amounts falling due after one year	*11*	**-**	(146,528,563)
Net assets		**17,679,544**	14,900,698
Capital and reserves			
Share capital	*13*	**61,920,302**	61,920,302
Share premium		**75,859,727**	75,859,727
Equity contributions from parent	*14*	**118,375**	118,375
Profit and loss account deficit		**(120,218,860)**	(122,997,706)
Equity shareholders' surplus		**17,679,544**	14,900,698

These financial statements were approved by the directors on 30 May 2022.

DocuSigned by:
Richard Helio
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Richard Heho
Director

Notes to the financial statements
(forming part of the financial statements)

1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of the Company for the year ended 31 December 2021 were authorised for issue by the board of directors on 30 May 2022 and the balance sheet was signed on the board's behalf by Richard Heho. The Company is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in £ Sterling.

The results of the Company are included in the consolidated financial statements of College Parent, L.P. which are available from 9 West 57th Street, 43rd Floor, New York, NY 10019, United States

The principal accounting policies adopted by the Company are set out in Note 2.

2 Accounting policies

Basis of accounting and preparation
The Company applies FRS 101 for all periods presented.

The accounting policies which follow set out those polices which apply in preparing the financial statements for the year ended 31 December 2021. The Company has taken advantage of the following disclosure exemptions under FRS 101:

(i) the requirements of paragraph 17 of *IAS 24 Related Party Disclosures*

(ii) the requirements in *IAS 24 Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

(iii) the requirements of *IAS 7 Statement of Cash Flows*

(iv) the requirements of paragraphs 91-99 of *IFRS 13 Fair Value Measurement*

(v) the requirement in paragraph 38 of *IAS 1 Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 and paragraph 73(e) of *IAS 16 Property Plant and Equipment*

(vi) the requirements of paragraphs 10(d), 10(f) and 134-136 of *IAS 1 Presentation of Financial Statements*

(vii) the requirements of paragraph 30 and 31 of *IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors*

(viii) the requirements of *IFRS 7 Financial Instruments: Disclosures*

(ix) the requirements of paragraphs 6 and 21 of *IFRS 1 First-time Adoption of International Financial Reporting Standards*

Notes to the financial statements (continued)

2 Accounting policies (continued)

Going concern
In light of the ongoing COVID-19 pandemic, it is the directors' view, and to the best of their current knowledge, that COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern.

The Company's net current liability position at year-end was significantly improved in April 2022 by a capital contribution of USD 12.39 million from the sole shareholder, Edgecast Inc. This contribution was used to repay the Cash Pool payable balance owing to Yahoo Netherlands B.V. (formerly Verizon Media Netherlands B.V.), along with assigning the short-term loan debtor balance of $201.7 million owing to the Company from Yahoo Inc.

The directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible assets and depreciation
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes cost directly attributable to making the asset capable of operating as intended.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment	-	*3-5 years*
Leasehold improvements	-	*Lesser of life of improvements or life of lease*
Fixtures and fittings	-	*5 years*

An asset is regarded as being in the course of construction until ready for its intended use, when it is reclassified and depreciated over its estimated useful economic life.

Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Tangible fixed assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the income statement in the period of derecognition.

Financial fixed assets
Investments in subsidiary companies and affiliates are measured at cost less accumulated impairment.

Impairment of fixed assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the assets recoverable amount in order to determine the extent of the impairment loss. Recoverable amount is the higher of cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Notes to the financial statements (continued)

2 Accounting policies (continued)

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment losses is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

Cash
Cash in the balance sheet comprises cash at banks.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Income taxes
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets are recognised only to the extent that is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted substantively at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permit's the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are charged or credited directly to equity. Otherwise income tax is recognised in the income statement.

Revenue Recognition

Revenue is recognised on the basis of usage of networks, the provision of services or economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably.

Usage of network
Fixed fees for circuits and certain other services may be billed in advance or in the month of usage, but are recognised as revenue in the month of usage. Where fees are based on traffic and variable fees, they are generally billed in arrears and recognised in the month of usage.

Provision of services
Revenue for maintenance and monitoring service is recognised over the term of the contracts as we provide the services. Where there is a contractual arrangement with multiple deliverables that cannot be considered separate for accounting purposes, the revenue is recognised evenly over the term of the contract.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Business Service fee
The Company is party to a Master Business Services Agreement, with Edgecast Inc. (formerly Verizon Digital Media Services Inc.). Edgecast Inc. provides the Company with the necessary services to enable the Company to market and sell the business in the EMEA region and some other international markets. A service fee is normally paid to Edgecast Inc. but it can on occasion result in a payment from Edgecast Inc. depending on the Company's financial results.

Foreign currency
Transactions denominated in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gains or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

Provisions
A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, the expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability.

Financial Instruments

Financial Assets

Initial recognition and measurement
Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available for sale financial assets or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Company determines the classification of its financial assets at initial recognition.

The Company's financial assets are classified as loans and receivables and includes cash, trade and other receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value and subsequently at amortised cost.

Financial Liabilities

Initial recognition and measurement
Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designed as hedging instruments as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

The Company's financial liabilities are classified as loans and borrowings and include payables due to related parties, trade and other creditors. They are initially measured at fair value and subsequently at amortised cost using the effective interest method. The long term loan due to related parties accrued interest at an arm's length basis.

New and amended standards and interpretations

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the financial statements of the Company.

Notes to the financial statements (continued)

2 Accounting policies (continued)

New and amended standards and interpretations issued but not yet effective or early adopted
Other changes to IFRS have been issued but are not yet effective. However, they are either not expected to have a material effect on the Financial Statements or they are not currently relevant to the Company. The Company has not yet early adopted any standards, interpretations or amendments that have been issued but not yet effective.

3 Turnover

Turnover is based on the invoiced value, exclusive of VAT, of services supplied by the Company in the normal course of business, in accordance with the revenue recognition policy in Note 2. The total turnover of the Company for the year has been split by the following geographical areas and services:

	2021	2020
	£	£
United Kingdom	**3,920,380**	1,910,569
Europe	**2,471,690**	2,565,897
United States	**-**	1,489,010
Rest of World	**2,795,373**	1,474,977
	9,187,443	7,440,453

	2021	2020
	£	£
Content Delivery Network income	**9,187,443**	5,951,443
Business Service Fee income	**-**	1,489,010
	9,187,443	7,440,453

4 Operating profit

Operating profit is stated after charging/(crediting) the following:

	2021	2020
	£	£
Business service fee expense/(income) (i)	**1,194,561**	(1,489,010)
Depreciation (Note 8)	**363,971**	488,579
Net foreign exchange loss/(profit)	**45,677**	(5,965,735)
Auditor's remuneration – audit of the financial statements	**42,000**	29,327

Notes to the financial statements (continued)

4 Operating profit (continued)

(i) The Company is party to a Master Business Services Agreement, with Edgecast Inc. Edgecast Inc. provides the Company with the necessary services to enable the Company to market and sell the business in the EMEA region and some other international markets. A service fee is normally paid to Edgecast Inc., but on occasion it can be that a payment is due from Edgecast Inc. depending on the Company's financial results. In 2021 a business service fee expense of £1,194,561 was recognised within the Company's cost of sales (2020: £1,489,010 business service fee income recognised within the Company's turnover, Note 3).

5 Staff costs

The average number of persons employed by the Company (including the executive director) during the period was as follows:

	Number of employees	
	2021	2020
Sales	**4**	6
Administration	**26**	26
	30	32

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£	£
Wages and salaries	**4,055,826**	3,714,696
Social security costs	**533,127**	523,351
Share-based payments (Note 15)	**171,067**	265,913
Other pension costs (Note 16)	**162,448**	167,948
	4,922,468	4,671,908

6 Remuneration of the directors

The directors of the Company during 2021 were employed by another Yahoo group company and any services as director were incidental to their main employment. Consequently, there are no emoluments received for services as a director of this Company.

Notes to the financial statements (continued)

7 Taxation

(a) Tax charged / (credited) in the income statement

	2021	2020
	£	£
Current income tax:		
UK corporation tax charge	**182,316**	-
Adjustments in respect of prior years	**-**	-
Total current income tax charge / (credit)	**182,316**	-
Tax charge / (credit) in the income statement	**182,316**	-

(b) Reconciliation of the total tax (credit)/ charge

	2021	2020
	£	£
Profit on ordinary activities from continuing-operations before taxation	**2,961,162**	7,423,280
Tax calculated at UK statutory rate of 19% *(2020: 19%)*	**562,621**	1,410,423
Expenses not deductible	**9,087**	156
Movement in unrecognised deferred tax	**(26,255)**	(28,476)
Group relief (claimed)	**(363,137)**	(1,382,103)
Total tax charge / (credit)	**182,316**	-

(c) Change in corporation tax rate

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

(d) Deferred tax asset

As at 31 December 2021 there is £Nil (2020: £Nil) deferred tax asset recognised A deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. There is currently insufficient evidence that sufficient suitable taxable profits will be generated, and therefore the deferred tax asset has not been recognised.

Notes to the financial statements (continued)

8 Tangible fixed assets

	Computer equipment £	Total £
Cost		
At 1 January 2021	4,362,267	4,362,267
At 31 December 2021	**4,362,267**	**4,362,267**
Depreciation		
At 1 January 2021	3,937,673	3,937,673
Charge for the year	363,971	363,971
At 31 December 2021	**4,301,644**	**4,301,644**
Net book value		
At 31 December 2021	**60,623**	**60,623**
At 31 December 2020	**424,594**	**424,594**

Notes to the financial statements (continued)

9 Financial Fixed Assets

	Investments in subsidiary companies £
Cost	
At 1 January 2021	-
Addition	**31,023,465**
At 31 December 2021	**31,023,465**
Impairment	
At 1 January 2021	-
Charge for the year	-
At 31 December 2021	-
Net book value	
At 31 December 2021	**31,023,465**
At 31 December 2020	-

During the year, the Company incorporated Yahoo Edgecast Services Limited through the issue of one ordinary share for £1 and is the sole shareholder. On 30 September 2021 Yahoo Edgecast Services Limited changed its name to Edgecast Services Limited. Edgecast Services Limited is a company incorporated in United Kingdom with a registered office at MidCity Place, 71 High Holborn, London, England, WC1V 6DA.

During the year, the Company made a capital contribution to Edgecast Services Limited of £31,023,464.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Edgecast Services Limited	Data processing, hosting and related activities	Ordinary	100%

Notes to the financial statements (continued)

10 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	**2,719,633**	541,248
Amounts owed by group undertakings	**469,268**	17,428,740
Other debtors	**27,099**	77,680
	3,216,000	18,047,668
Amounts falling due after one year:		
Amounts owed by group undertakings	**150,235,444**	149,286,987

Amounts falling due within one year:

At 31 December 2021 trade debtors are non-interest bearing with payment due on receipt of the invoice.

At 31 December 2021 outstanding interest on a promissory loan note detailed below with Yahoo Inc., formerly Oath Inc., was £469,268 (2020: £445,787). During 2020 the Company became a party to a Cash Pooling Agreement with Yahoo Netherlands B.V., resulting in a receivable balance of £16,998,196 at 31 December 2020, however, in 2021 the Company had a net Cash Pool payable (Note 11).

Other debtors represent prepayments.

Amounts falling due after one year:

On 1 July 2018, the Company assigned and transferred its Intellectual Property to Yahoo Inc. for a total consideration of $201,000,000, equivalent to £150,235,444 at the end of December 2021 (2020: £149,286,987). In relation to this, Yahoo Inc. issued a promissory note, which bears an interest rate of 4.3% per annum and is repayable on 1 July 2028.

At 31 December 2021 interest income for the year ended 31 December 2021 amounts to £6,277,969 (2020: £7,953,913).

11 Creditors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade creditors	**2,103,384**	195,155
Value Added Tax	**31,793**	24,130
Amounts owed to group undertakings	**163,482,089**	5,310,609
Accruals	**1,056,406**	800,094
Corporate Income Tax	**182,316**	-
	166,855,988	6,329,988
Amounts falling due after one year:		
Amounts owed to group undertakings	**-**	146,528,563

Notes to the financial statements (continued)

11 Creditors (continued)

Amounts falling due within one year:

Trade creditors are payable at various dates in the coming months in accordance with the suppliers' usual and customary credit terms. The increase on prior year is as a result of increased activity from 1 September 2021, resulting from the Company being responsible for sales to the wider EMEA market plus some international markets also, in addition to the UK market.

During 2021 the Company settled the remaining principal balance, plus outstanding accrued interest, totalling \$201,236,152 or £146,285,455 (2020: \$197,281,976 or £146,528,563, showing as falling due after one year) owed under a loan instrument deed which was effective on 31 December 2016 between the Company and the four entities; Oath Inc., Oath (Americas) Inc., Adap.tv, Inc., and Millennial Media LLC. This settlement was funded by the drawing down of funds under the Company's Cash Pooling Agreement with Yahoo Netherlands B.V. The amount owing to Yahoo Netherlands B.V. under this Cash Pooling Agreement was £159,062,240 at 31 December 2021.

In April 2022, the Company transferred the contribution monies received from Edgecast Inc. (Note 18) and also assigned its loan receivable balance, including accrued interest, owing from Yahoo Inc. (Note 10) of \$201.7 million to Yahoo Netherlands B.V. in settlement of its outstanding Cash Pool payable balance.

At 31 December 2021 interest expense for the year ended 31 December 2021 amounts to £3,651,739 (2020: £6,866,507).

12 Financial Instruments

	2021	2020
	£	£
Financial assets that are loans and receivables measured at amortised cost		
Amounts owed by group undertakings (Note 10)	**150,235,444**	166,285,183
Financial liabilities that are loans measured at amortised cost		
Amounts owed to group undertakings (Note 11)	**158,834,085**	146,528,563

Details on the actions taken relating to financial liabilities have been disclosed in the creditors note (Note 11).

Notes to the financial statements (continued)

13 Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
61,920,302 shares at £1 each	**61,920,302**	61,920,302

14 Equity contributions from parent

The reserve records the contribution made by Yahoo Inc. in respect of the share based payments made to the employees of the Company.

15 Share-based payments

On 2 May 2021, College Parent, L.P. ("College Parent"), an affiliate of Apollo Global Management Inc.("Apollo") entered into a stock purchase agreement ("SPA") with Verizon Communications Inc. ("Verizon" or "VZ") to acquire Verizon Media Group ("VMG") for $4.3 billion in cash, $750 million in non-convertible preferred limited partnership units of College Parent, and 10% of the fully-diluted common limited partnership units of College Parent. The acquisition was completed on 1 September 2021 ("The Transaction"). This acquisition included the Edgecast business. Verizon Media Group was then rebranded as Yahoo.

Historically, under its long-term incentive plan ("LTI"), Verizon granted restricted stock units ("RSUs") and performance stock units ("PSUs") under Verizon's company-wide plan annually to its employees (collectively "LTI Awards"). RSUs vested over a three-year period and PSUs vested at the end of the third year. In connection with the Transaction, as the sale of VMG was considered an involuntary termination of employment, employees vested in a prorated portion of outstanding LTI Awards while unvested awards were forfeited. Forfeited LTI Awards were subsequently recognized or replaced, by Verizon ("Retention Awards") or College Parent ("Replacement Awards"), respectively, depending on the applicable Predecessor plan, with cash retention awards requiring continued employment with the Business. Subsequent to the Transaction, College Parent implemented the Management Equity Program ("MEP") which includes the granting of equity appreciation units ("EAUs") under-the Yahoo Equity Appreciation Unit Plan. These Predecessor and Successor plans are further described below, including determination of impact to the Business.

Predecessor

Previously, Verizon Communications Inc. offered restricted stock awards to its employees. The vesting of restricted awards was generally subject to meeting certain performance-based objectives, the passage of time, or a combination of both, and continued employment through the vesting period. Restricted stock award grants are generally measured at fair value on the date of grant based on the number of shares granted and the quoted price of the Verizon Communications Inc. common stock. Such value is recognised as an expense over the corresponding service period.

In February 2018, Verizon Communications Inc. announced a broad-based employee special award of RSUs under the 2017 Plan to eligible full-time and part-time employees. These RSUs will vest in two equal instalments on each anniversary of the grant date, and will be paid in cash.

In 2020, Verizon announced a broad-based program that provides for the annual award of cash-settled RSUs under the 2017 Plan to all full-time and part-time employees who meet eligibility requirements on the annual grant date.

Notes to the financial statements (continued)

15 Share-based payments (continued)

Total compensation expense for stock-based compensation related to RSUs and PSUs described above included in net operating expenses was £171,067 for the year ended 31 December 2021, and £265,913 for the year ended 31 December 2020.

Successor

As noted above, in connection with the Transaction, as the sale of VMG was considered an involuntary termination of employment rather than a vesting acceleration event, employees vested in a prorated portion of outstanding LTI Awards while unvested awards were forfeited. Forfeited LTI Awards, pursuant to the 2019 or 2020 LTI awards, were subsequently recognized by Verizon with the Retention Awards, which are cash retention awards requiring continued employment with the Business for six-months post-closing of the Transaction. Forfeited LTI Awards, pursuant to the 2021 Predecessor LTI awards, were subsequently replaced by College Parent, the Replacement Awards, which are cash awards that will vest on the same vesting schedule that applied to the original award.

Total compensation expense for retention awards and replacement awards included in net operating expenses was £95,182 for the year ended 31 December 2021.

As noted above, subsequent to the Transaction, in the fourth quarter of 2021, College Parent implemented the Yahoo Equity Appreciation Unit Plan which includes the granting of EAUs, respectively. EAUs were granted to employees below Senior Management level (VP-2).

EAUs, which are liability classified, consist of "time-based" and "performance-based" awards. EAUs are considered "phantom units" and do not give participants an actual equity interest or voting rights in Parent or its Affiliates. "Time-based" awards vest 25% each year, over a period of four years or upon a change-in-control. The estimated fair value of each stock-based award under the plans is recognized in the statement of comprehensive income on a straight-line basis over the requisite service period. Stock-based compensation expense is adjusted each period based on the derived fair value of the award. These awards are valued using recent transaction values or as determined by an independent third-party valuation service and re measured to fair value each reporting period until the award is settled. "Performance-based" awards vest upon actual distributions of cash proceeds that meet the minimum return of Multiple of Invested Capital "MOIC".

Total compensation expense related to the Management Equity Plan "MEP" described above included in net operating expenses was £4,694 for the year ended 31 December 2021.

In addition to the MEP, the Business also granted a cash bonus award under a Long Term Incentive Cash Program ("Bonus Program"). This bonus award vests 25% annually over a period of four years on 31 August each year. The compensation expense related to the cash bonus award was £270 for the year ended 31 December 2021.

16 Pension obligations

The Company contributed to a defined contribution scheme, for which the pension cost charged for the year amounted to £162,448 (2020: £167,948).

17 Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary undertaking of Edgecast Inc. (formerly Verizon Digital Media Services Inc.), a company incorporated and existing in the United States of America.

The Company is ultimately owned by a number of private equity funds, of which only one fund, Apollo Investment Fund IX, L.P., holds more than 25%.

Notes to the financial statements (continued)

17 Ultimate parent undertaking and controlling party (continued)

College Parent, L.P. is the parent company of the largest and smallest group in which the results of the Company are consolidated. College Parent, L.P. principal place of business is 9 West 57th Street, 43rd Floor, New York, NY 10019,USA and is a limited partnership formed in the state of Delaware, United States of America.

18 Events since the balance sheet date

Limelight Networks, Inc., a Delaware corporation ("Purchaser" or "Limelight"), entered into a Stock Purchase Agreement, dated 6 March 2022 (the "Purchase Agreement"), by and between Limelight and College Parent, L.P., a Delaware limited partnership ("Seller"), pursuant to which Limelight will acquire all of Seller's right, title and interest in and to all of the outstanding shares of common stock of Edgecast Inc., a California corporation and an indirectly wholly owned subsidiary of Seller ("Edgecast"), and certain specified assets for an aggregate number of shares of common stock, par value $0.001, of Limelight (the "Purchaser Common Shares") equal to approximately 72.2 million Purchaser Common Shares representing a value of approximately $300 million (the "Purchaser Common Share Closing Consideration"), subject to the terms and conditions of the Purchase Agreement (the "Purchase"). The Purchaser Common Share Closing Consideration also includes a $30 million investment in Limelight by Seller. Seller can also receive up to an additional 12.7 million shares of Limelight representing up to an additional $100 million in consideration, over the period ending on the third anniversary of the closing of the transaction, subject to the achievement of certain share-price targets (the "Earnout Purchaser Shares").

The Sale is subject to customary regulatory approvals and closing conditions but is anticipated to close before the end of 2022.

On 1 April 2022 the sole shareholder, Edgecast Inc., made a contribution of USD 12,390,004 to the Company. Later in April, in consideration for this contribution, 1 ordinary share of £1.00 (nominal value) was allotted and the GBP equivalent of the remaining value deemed share premium.

In April 2022, the Company transferred the contribution monies received and also assigned its loan receivable balance owing from Yahoo Inc. of $201.7 million to Yahoo Netherlands B.V. in settlement of its outstanding Cash Pool payable balance.

Other than as described above, there were no other significant events to report.