

LIMELIGHT NETWORKS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	March 31, 2017	December 31, 2016
	<u>(Unaudited)</u>	<u></u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 19,152	\$ 21,734
Marketable securities	41,676	44,453
Accounts receivable, net	26,191	27,418
Income taxes receivable	99	125
Prepaid expenses and other current assets	3,989	4,865
Total current assets	<u>91,107</u>	<u>98,595</u>
Property and equipment, net	30,204	30,352
Marketable securities, less current portion	40	40
Deferred income taxes	1,193	1,105
Goodwill	76,702	76,243
Other assets	1,806	1,794
Total assets	<u>\$ 201,052</u>	<u>\$ 208,129</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 8,558	\$ 8,790
Deferred revenue	1,845	2,138
Income taxes payable	193	188
Provision for litigation	18,000	18,000
Other current liabilities	10,600	12,836
Total current liabilities	<u>39,196</u>	<u>41,952</u>
Deferred income taxes	154	152
Deferred revenue, less current portion	13	22
Provision for litigation, less current portion	22,500	27,000
Other long-term liabilities	1,238	1,435
Total liabilities	<u>63,101</u>	<u>70,561</u>
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; 107,979 and 107,059 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively	108	107
Additional paid-in capital	493,567	490,819
Accumulated other comprehensive loss	(10,067)	(11,038)
Accumulated deficit	(345,657)	(342,320)
Total stockholders' equity	<u>137,951</u>	<u>137,568</u>
Total liabilities and stockholders' equity	<u>\$ 201,052</u>	<u>\$ 208,129</u>

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

	Three Months Ended				
	March 31, 2017	December 31, 2016	Percent Change	March 31, 2016	Percent Change
Revenues	\$ 44,735	\$ 43,778	2%	\$ 41,422	8%
Cost of revenue:					
Cost of services (1)	19,007	19,642	-3%	20,110	-5%
Depreciation - network	4,557	4,474	2%	4,668	-2%
Total cost of revenue	23,564	24,116	-2%	24,778	-5%
Gross profit	21,171	19,662	8%	16,644	27%
Gross profit percentage	47.3%	44.9%		40.2%	
Operating expenses:					
General and administrative (1)	8,514	7,960	7%	6,808	25%
Sales and marketing (1)	9,267	8,215	13%	8,903	4%
Research & development (1)	6,220	6,094	2%	6,325	-2%
Depreciation and amortization	589	590	0%	623	-5%
Total operating expenses	24,590	22,859	8%	22,659	9%
Operating loss	(3,419)	(3,197)	7%	(6,015)	-43%
Other income (expense):					
Interest expense	(14)	(54)	-74%	(179)	-92%
Interest income	117	101	16%	6	1850%
Other, net	87	(570)	-115%	400	-78%
Total other income (expense)	190	(523)	-136%	227	-16%
Loss before income taxes	(3,229)	(3,720)	-13%	(5,788)	-44%
Income tax expense	108	199	-46%	158	-32%
Net loss	\$ (3,337)	\$ (3,919)	-15%	\$ (5,946)	-44%
Net loss per share:					
Basic and diluted	\$ (0.03)	\$ (0.04)		\$ (0.06)	
Weighted average shares used in per share calculation:					
Basic and diluted	107,363	105,942		102,693	

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

LIMELIGHT NETWORKS, INC.
SUPPLEMENTAL FINANCIAL DATA
(In thousands)
(Unaudited)

	Three Months Ended		
	March 31, 2017	December 31, 2016	March 31, 2016
Share-based compensation:			
Cost of services	\$ 359	\$ 375	\$ 473
General and administrative	1,534	1,951	1,826
Sales and marketing	620	776	737
Research and development	562	581	460
Total share-based compensation	\$ 3,075	\$ 3,683	\$ 3,496
Depreciation and amortization:			
Network-related depreciation	\$ 4,557	\$ 4,474	\$ 4,668
Other depreciation and amortization	589	590	617
Amortization of intangible assets	-	-	6
Total depreciation and amortization	\$ 5,146	\$ 5,064	\$ 5,291
Net decrease in cash, cash equivalents and marketable securities:	\$ (5,359)	\$ (8,213)	\$ (48,861)
End of period statistics:			
Approximate number of active customers	813	851	926
Number of employees and employee equivalents	528	510	501

LIMELIGHT NETWORKS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended		
	March 31, 2017	December 31, 2016	March 31, 2016
Operating activities			
Net loss	\$ (3,337)	\$ (3,919)	\$ (5,946)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	5,146	5,064	5,291
Share-based compensation	3,075	3,683	3,496
Foreign currency remeasurement loss (gain)	289	76	(301)
Deferred income taxes	(50)	195	82
Gain on sale of property and equipment	(75)	(218)	-
Accounts receivable charges (recoveries)	249	101	(116)
Amortization of premium on marketable securities	83	48	19
Realized loss on sale of marketable securities	-	-	32
Changes in operating assets and liabilities:			
Accounts receivable	978	(4,661)	(540)
Prepaid expenses and other current assets	914	315	3,583
Income taxes receivable	29	(15)	(13)
Other assets	(3)	22	342
Accounts payable and other current liabilities	(1,160)	(1,087)	(4,005)
Deferred revenue	(302)	730	473
Income taxes payable	(4)	68	(127)
Payments for provision for litigation	(4,500)	(4,500)	-
Other long term liabilities	(197)	(307)	900
Net cash provided by (used in) operating activities	<u>1,135</u>	<u>(4,405)</u>	<u>3,170</u>
Investing activities			
Purchases of marketable securities	(4,526)	(45,629)	-
Sale and maturities of marketable securities	7,250	1,000	28,315
Change in restricted cash	-	-	(62,790)
Purchases of property and equipment	(5,745)	(4,897)	(1,421)
Proceeds from sale of property and equipment	58	504	-
Net cash used in investing activities	<u>(2,963)</u>	<u>(49,022)</u>	<u>(35,896)</u>
Financing activities			
Principal payments on capital lease obligations	-	-	(159)
Payment of employee tax withholdings related to restricted stock vesting	(1,036)	(676)	(646)
Proceeds from line of credit	-	-	12,790
Proceeds from employee stock plans	111	1,839	43
Net cash (used in) provided by financing activities	<u>(925)</u>	<u>1,163</u>	<u>12,028</u>
Effect of exchange rate changes on cash and cash equivalents	171	(402)	159
Net decrease in cash and cash equivalents	<u>(2,582)</u>	<u>(52,666)</u>	<u>(20,539)</u>
Cash and cash equivalents, beginning of period	21,734	74,400	44,680
Cash and cash equivalents, end of period	<u>\$ 19,152</u>	<u>\$ 21,734</u>	<u>\$ 24,141</u>

LIMELIGHT NETWORKS, INC.
Reconciliation of U.S. GAAP Net Loss to Non-GAAP Net Income (Loss)
(In thousands)
(Unaudited)

	Three Months Ended					
	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
U.S. GAAP net loss	\$ (3,337)	\$ (0.03)	\$ (3,919)	\$ (0.04)	\$ (5,946)	\$ (0.06)
Share-based compensation	3,075	0.03	3,683	0.03	3,496	0.03
Litigation expenses	1,909	0.02	1,998	0.02	1,178	0.01
Amortization of intangible assets	-	-	-	-	6	0.00
Non-GAAP net income (loss)	<u>\$ 1,647</u>	<u>\$ 0.02</u>	<u>\$ 1,762</u>	<u>\$ 0.02</u>	<u>\$ (1,266)</u>	<u>\$ (0.01)</u>
Weighted average shares used in per share calculation		107,363		105,942		102,693

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

	Three Months Ended		
	March 31, 2017	December 31, 2016	March 31, 2016
U.S. GAAP net loss	\$ (3,337)	\$ (3,919)	\$ (5,946)
Depreciation and amortization	5,146	5,064	5,291
Interest expense	14	54	179
Interest and other (income) expense	(204)	469	(406)
Income tax expense	108	199	158
EBITDA	\$ 1,727	\$ 1,867	\$ (724)
Share-based compensation	3,075	3,683	3,496
Litigation expenses	1,909	1,998	1,178
Adjusted EBITDA	\$ 6,711	\$ 7,548	\$ 3,950

Limelight Networks, Inc.
2017 Guidance

	2017 Guidance	
	April 24, 2017	February 8, 2017
Revenue	\$177 to \$181 million	\$175 to \$180 million
Gross margin percentage	Expansion of 200 basis points over 2016	Expansion of more than 150 basis points over 2016
Non-GAAP EPS	\$0.03 to \$0.06	\$0.02 to \$0.06
Adjusted EBITDA	\$23 to \$27 million	\$22 to \$26 million
Capital expenditures	Approx. \$20 million	Approx. \$20 million