

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

	June 30, 2018	March 31, 2018	December 31, 2017
	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 28,719	\$ 19,863	\$ 20,912
Marketable securities	16,851	23,832	28,404
Accounts receivable, net	31,862	32,433	32,381
Income taxes receivable	153	224	98
Prepaid expenses and other current assets	18,147	5,717	5,397
Total current assets	95,732	82,069	87,192
Property and equipment, net	26,303	27,371	28,991
Marketable securities, less current portion	40	40	40
Deferred income taxes	1,550	1,546	1,506
Goodwill	76,648	77,027	77,054
Other assets	2,235	2,174	1,665
Total assets	\$ 202,508	\$ 190,227	\$ 196,448
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 6,179	\$ 10,376	\$ 4,439
Deferred revenue	965	950	1,187
Income taxes payable	219	72	452
Provision for litigation	18,000	18,000	18,000
Other current liabilities	12,269	11,495	18,507
Total current liabilities	37,632	40,893	42,585
Deferred income taxes	124	159	144
Deferred revenue, less current portion	37	16	16
Provision for litigation, less current portion	-	4,500	9,000
Other long-term liabilities	389	411	558
Total liabilities	38,182	45,979	52,303
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; 112,478, 110,657 and 110,824 shares issued and outstanding at June 30, 2018, March 31, 2018 and December 31, 2017, respectively	112	111	111
Additional paid-in capital	506,684	500,305	502,312
Accumulated other comprehensive loss	(9,324)	(7,861)	(8,328)
Accumulated deficit	(333,146)	(348,307)	(349,950)
Total stockholders' equity	164,326	144,248	144,145
Total liabilities and stockholders' equity	\$ 202,508	\$ 190,227	\$ 196,448

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

	Three Months Ended					Six Months Ended		
	June 30, 2018	March 31, 2018	Percent Change	June 30, 2017	Percent Change	June 30, 2018	June 30, 2017	Percent Change
Revenue	\$ 50,249	\$ 52,114	-4%	\$ 45,370	11%	\$ 102,363	\$ 90,105	14%
Cost of revenue:								
Cost of services (1)	21,206	21,054	1%	19,464	9%	42,260	38,471	10%
Depreciation - network	4,196	4,380	-4%	4,531	-7%	8,576	9,088	-6%
Total cost of revenue	<u>25,402</u>	<u>25,434</u>	0%	<u>23,995</u>	6%	<u>50,836</u>	<u>47,559</u>	7%
Gross profit	24,847	26,680	-7%	21,375	16%	51,527	42,546	21%
Gross profit percentage	49.4%	51.2%		47.1%		50.3%	47.2%	
Operating expenses:								
General and administrative (1)	7,517	9,522	-21%	6,804	10%	17,038	15,319	11%
Sales and marketing (1)	10,022	10,280	-3%	8,997	11%	20,302	18,265	11%
Research & development (1)	6,073	6,339	-4%	6,715	-10%	12,412	12,934	-4%
Depreciation and amortization	633	588	8%	597	6%	1,221	1,186	3%
Total operating expenses	<u>24,245</u>	<u>26,729</u>	-9%	<u>23,113</u>	5%	<u>50,973</u>	<u>47,704</u>	7%
Operating income (loss)	602	(49)	NM	(1,738)	NM	554	(5,158)	NM
Other income (expense):								
Interest expense	(7)	(59)	NM	(10)	NM	(66)	(24)	NM
Interest income	134	130	3%	121	11%	263	239	10%
Settlement and patent license income	14,900	-	NM	-	NM	14,900	-	NM
Other, net	(221)	112	NM	153	NM	(109)	241	NM
Total other income	<u>14,806</u>	<u>183</u>	NM	<u>264</u>	NM	<u>14,988</u>	<u>456</u>	NM
Income (loss) before income taxes	15,408	134	NM	(1,474)	NM	15,542	(4,702)	NM
Income tax expense (benefit)	249	(15)	NM	151	NM	234	260	NM
Net income (loss)	<u>15,159</u>	<u>149</u>	NM	<u>(1,625)</u>	NM	<u>15,308</u>	<u>(4,962)</u>	NM
Net income (loss) per share:								
Basic	<u>\$ 0.14</u>	<u>\$ 0.00</u>		<u>\$ (0.01)</u>		<u>\$ 0.14</u>	<u>\$ (0.05)</u>	
Diluted	<u>\$ 0.13</u>	<u>\$ 0.00</u>		<u>\$ (0.01)</u>		<u>\$ 0.13</u>	<u>\$ (0.05)</u>	
Weighted average shares used in per share calculation:								
Basic	111,356	110,761		108,422		111,059	107,893	
Diluted	120,033	118,909		108,422		119,454	107,893	

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

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

	Three Months Ended			Six Months Ended	
	June 30, 2018	March 31, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Share-based compensation:					
Cost of services	\$ 350	\$ 357	\$ 364	\$ 707	\$ 723
General and administrative	1,969	1,810	1,674	3,779	3,208
Sales and marketing	633	603	617	1,236	1,237
Research and development	605	597	600	1,202	1,162
Total share-based compensation	<u>\$ 3,557</u>	<u>\$ 3,367</u>	<u>\$ 3,255</u>	<u>\$ 6,924</u>	<u>\$ 6,330</u>
Depreciation and amortization:					
Network-related depreciation	\$ 4,196	\$ 4,380	\$ 4,531	\$ 8,576	\$ 9,088
Other depreciation and amortization	633	588	597	1,221	1,186
Total depreciation and amortization	<u>\$ 4,829</u>	<u>\$ 4,968</u>	<u>\$ 5,128</u>	<u>\$ 9,797</u>	<u>\$ 10,274</u>
Net increase (decrease) in cash, cash equivalents and marketable securities:	<u>\$ 1,875</u>	<u>\$ (5,621)</u>	<u>\$ (232)</u>	<u>\$ (3,746)</u>	<u>\$ (5,591)</u>
End of period statistics:					
Approximate number of active customers	689	703	779	689	779
Number of employees and employee equivalents	549	544	533	549	533

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

	Three Months Ended			Six Months Ended	
	June 30, 2018	March 31, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Operating activities					
Net income (loss)	\$ 15,159	\$ 149	\$ (1,625)	\$ 15,308	\$ (4,962)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	4,829	4,968	5,128	9,797	10,274
Share-based compensation	3,557	3,367	3,255	6,924	6,330
Settlement and patent license income	(14,900)	-	-	(14,900)	-
Foreign currency remeasurement (gain) loss	(271)	110	290	(161)	579
Deferred income taxes	(111)	41	(94)	(70)	(144)
Gain on sale of property and equipment	(97)	(16)	(17)	(113)	(92)
Accounts receivable charges (recoveries)	78	218	241	296	490
Amortization of premium on marketable securities	25	33	80	58	163
Changes in operating assets and liabilities:					
Accounts receivable	493	(270)	(2,204)	223	(1,226)
Prepaid expenses and other current assets	(655)	882	(47)	227	867
Income taxes receivable	61	(124)	(8)	(63)	21
Other assets	(72)	(495)	11	(567)	8
Accounts payable and other current liabilities	(3,298)	(2,286)	3,861	(5,584)	2,701
Deferred revenue	37	130	(101)	167	(403)
Income taxes payable	160	(397)	138	(237)	134
Payments for provision for litigation	(1,520)	(4,500)	(4,500)	(6,020)	(9,000)
Other long term liabilities	(19)	(151)	(185)	(170)	(382)
Net cash provided by operating activities	<u>3,456</u>	<u>1,659</u>	<u>4,223</u>	<u>5,115</u>	<u>5,358</u>
Investing activities					
Purchases of marketable securities	-	-	(2,993)	-	(7,519)
Sale and maturities of marketable securities	7,000	4,515	6,994	11,515	14,244
Purchases of property and equipment	(4,291)	(1,990)	(4,733)	(6,281)	(10,478)
Proceeds from sale of property and equipment	97	16	22	113	80
Net cash provided by (used in) investing activities	<u>2,806</u>	<u>2,541</u>	<u>(710)</u>	<u>5,347</u>	<u>(3,673)</u>
Financing activities					
Payment of employee tax withholdings related to restricted stock vesting	(1,206)	(1,606)	(880)	(2,812)	(1,916)
Cash paid for purchase of common stock	-	(3,800)	-	(3,800)	-
Proceeds from employee stock plans	4,032	30	1,077	4,062	1,188
Net cash provided by (used in) financing activities	<u>2,826</u>	<u>(5,376)</u>	<u>197</u>	<u>(2,550)</u>	<u>(728)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(232)</u>	<u>127</u>	<u>110</u>	<u>(105)</u>	<u>281</u>
Net increase (decrease) in cash and cash equivalents	<u>8,856</u>	<u>(1,049)</u>	<u>3,820</u>	<u>7,807</u>	<u>1,238</u>
Cash and cash equivalents, beginning of period	<u>19,863</u>	<u>20,912</u>	<u>19,152</u>	<u>20,912</u>	<u>21,734</u>
Cash and cash equivalents, end of period	<u>\$ 28,719</u>	<u>\$ 19,863</u>	<u>\$ 22,972</u>	<u>\$ 28,719</u>	<u>\$ 22,972</u>

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

	Three Months Ended						Six Months Ended			
	June 30, 2018		March 31, 2018		June 30, 2017		June 30, 2018		June 30, 2017	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
U.S. GAAP net income (loss)	\$ 15,159	\$ 0.14	\$ 149	\$ 0.00	\$ (1,625)	\$ (0.01)	\$ 15,308	\$ 0.14	\$ (4,962)	\$ (0.05)
Settlement and patent license income	(14,900)	(0.13)	-	-	-	-	(14,900)	(0.13)	-	-
Share-based compensation	3,557	0.03	3,367	0.03	3,255	0.03	6,924	0.06	6,330	0.06
Litigation expenses	215	0.00	2,670	0.02	1,276	0.01	2,885	0.03	3,185	0.03
Non-GAAP net income	<u>\$ 4,031</u>	<u>\$ 0.04</u>	<u>\$ 6,186</u>	<u>\$ 0.06</u>	<u>\$ 2,906</u>	<u>\$ 0.03</u>	<u>\$ 10,217</u>	<u>\$ 0.09</u>	<u>\$ 4,553</u>	<u>\$ 0.04</u>
Weighted average basic shares used in per share calculation		111,356		110,761		108,422		111,059		107,893

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

	<u>Three Months Ended</u>			<u>Six Months Ended</u>	
	<u>June 30, 2018</u>	<u>March 31, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
U.S. GAAP net income (loss)	\$ 15,159	\$ 149	\$ (1,625)	\$ 15,308	\$ (4,962)
Depreciation and amortization	4,829	4,968	5,128	9,797	10,274
Interest expense	7	59	10	66	24
Interest and other (income) expense	87	(242)	(274)	(154)	(480)
Income tax expense (benefit)	249	(15)	151	234	260
EBITDA	<u>\$ 20,331</u>	<u>\$ 4,919</u>	<u>\$ 3,390</u>	<u>\$ 25,251</u>	<u>\$ 5,116</u>
Settlement and patent license income	(14,900)	-	-	(14,900)	-
Share-based compensation	3,557	3,367	3,255	6,924	6,330
Litigation expenses	215	2,670	1,276	2,885	3,185
Adjusted EBITDA	<u><u>\$ 9,203</u></u>	<u><u>\$ 10,956</u></u>	<u><u>\$ 7,921</u></u>	<u><u>\$ 20,160</u></u>	<u><u>\$ 14,631</u></u>

Limelight Networks, Inc.
2018 Guidance

	<u>July 19, 2018</u>	<u>April 19, 2018</u>	<u>February 7, 2018</u>
Revenue	\$200 to \$203 million	\$198 to \$202 million	\$196 to \$200 million
Gross margin percentage	No change	Expansion of 150 basis points over 2017	Expansion of more than 100 basis points over 2017
GAAP EPS	No change	\$0.07 to \$0.11	\$(0.07) to \$(0.03)
Non-GAAP EPS	No change	\$0.13 to \$0.17	\$0.11 to \$0.15
Adjusted EBITDA	No change	\$33 to \$37 million	\$32 to \$36 million
Capital expenditures	Below \$20 million	\$20 to \$22 million	\$22 to \$24 million