

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

	<u>March 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
	<u>(Unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,499	\$ 25,383
Marketable securities	22,142	25,083
Accounts receivable, net	29,505	26,041
Income taxes receivable	124	122
Prepaid expenses and other current assets	12,276	14,789
Total current assets	<u>80,546</u>	<u>91,418</u>
Property and equipment, net	32,996	27,378
Operating lease right of use assets	3,012	-
Marketable securities, less current portion	40	40
Deferred income taxes	1,508	1,462
Goodwill	76,707	76,407
Other assets	4,199	2,220
Total assets	<u>\$ 199,008</u>	<u>\$ 198,925</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 17,858	\$ 9,216
Deferred revenue	1,524	1,883
Operating lease liability obligations	1,620	-
Income taxes payable	186	124
Provision for litigation	4,500	9,000
Other current liabilities	11,656	12,922
Total current liabilities	<u>37,344</u>	<u>33,145</u>
Operating lease liability obligations, less current portions	1,630	-
Deferred income taxes	128	152
Deferred revenue, less current portion	105	42
Other long-term liabilities	263	435
Total liabilities	<u>39,470</u>	<u>33,774</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; 114,874 and 114,246 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively	115	114
Additional paid-in capital	516,251	513,682
Accumulated other comprehensive loss	(9,657)	(10,033)
Accumulated deficit	(347,171)	(338,612)
Total stockholders' equity	<u>159,538</u>	<u>165,151</u>
Total liabilities and stockholders' equity	<u>\$ 199,008</u>	<u>\$ 198,925</u>

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

	Three Months Ended				
	March 31, 2019	December 31, 2018	Percent Change	March 31, 2018	Percent Change
Revenue	\$ 43,280	\$ 43,992	-2%	\$ 52,114	-17%
Cost of revenue:					
Cost of services (1)	22,941	22,141	4%	21,054	9%
Depreciation - network	4,317	3,941	10%	4,380	-1%
Total cost of revenue	27,258	26,082	5%	25,434	7%
Gross profit	16,022	17,910	-11%	26,680	-40%
Gross profit percentage	37.0%	40.7%		51.2%	
Operating expenses:					
General and administrative (1)	7,535	7,482	1%	9,522	-21%
Sales and marketing (1)	10,972	9,484	16%	10,280	7%
Research & development (1)	5,901	5,781	2%	6,339	-7%
Depreciation and amortization	245	476	-49%	588	-58%
Total operating expenses	24,653	23,223	6%	26,729	-8%
Operating loss	(8,631)	(5,313)	62%	(49)	NM
Other income (expense):					
Interest expense	(10)	(10)	NM	(59)	NM
Interest income	212	230	NM	130	NM
Other, net	(6)	90	NM	112	NM
Total other income (expense)	196	310	NM	183	NM
(Loss) income before income taxes	(8,435)	(5,003)	NM	134	NM
Income tax expense (benefit)	124	190	NM	(15)	NM
Net (loss) income	\$ (8,559)	\$ (5,193)	NM	\$ 149	NM
Net income (loss) per share:					
Basic	\$ (0.07)	\$ (0.05)		\$ 0.00	
Diluted	\$ (0.07)	\$ (0.05)		\$ 0.00	
Weighted average shares used in per share calculation:					
Basic	114,410	113,578		110,761	
Diluted	114,410	113,578		118,909	

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

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

	Three Months Ended		
	March 31, 2019	December 31, 2018	March 31, 2018
Share-based compensation:			
Cost of services	\$ 411	\$ 756	\$ 357
General and administrative	2,094	2,792	1,810
Sales and marketing	484	963	603
Research and development	467	974	597
Total share-based compensation	\$ 3,456	\$ 5,485	\$ 3,367
Depreciation and amortization:			
Network-related depreciation	\$ 4,317	\$ 3,941	\$ 4,380
Other depreciation and amortization	245	476	588
Total depreciation and amortization	\$ 4,562	\$ 4,417	\$ 4,968
Net increase (decrease) in cash, cash equivalents and marketable securities:	\$ (11,825)	\$ (2,169)	\$ (5,621)
End of period statistics:			
Approximate number of active customers	643	649	703
Number of employees and employee equivalents	562	563	544

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

	Three Months Ended		
	March 31, 2019	December 31, 2018	March 31, 2018
Operating activities			
Net (loss) income	\$ (8,559)	\$ (5,193)	\$ 149
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,562	4,417	4,968
Share-based compensation	3,456	5,485	3,367
Foreign currency remeasurement loss (gain)	10	(65)	110
Deferred income taxes	(51)	103	41
Gain on sale of property and equipment	(30)	(6)	(16)
Accounts receivable charges	257	449	218
Amortization of premium on marketable securities	12	33	33
Changes in operating assets and liabilities:			
Accounts receivable	(3,720)	(343)	(270)
Prepaid expenses and other current assets	(474)	64	882
Income taxes receivable	(2)	25	(124)
Other assets	(1,737)	201	(495)
Accounts payable and other current liabilities	2,243	(1,807)	(2,286)
Deferred revenue	(297)	1,004	130
Income taxes payable	62	17	(397)
Payments related to litigation, net	(1,520)	(1,520)	(4,500)
Other long term liabilities	(175)	51	(151)
Net cash (used in) provided by operating activities	<u>(5,963)</u>	<u>2,915</u>	<u>1,659</u>
Investing activities			
Purchases of marketable securities	(9,266)	(4,669)	-
Sale and maturities of marketable securities	12,224	3,500	4,515
Purchases of property and equipment	(5,018)	(5,618)	(1,990)
Proceeds from sale of property and equipment	29	4	16
Net cash (used in) provided by investing activities	<u>(2,031)</u>	<u>(6,783)</u>	<u>2,541</u>
Financing activities			
Payment of employee tax withholdings related to restricted stock vesting	(894)	(985)	(1,606)
Cash paid for the purchase of common stock	-	-	(3,800)
Proceeds from employee stock plans	8	1,374	30
Net cash (used in) provided by financing activities	<u>(886)</u>	<u>389</u>	<u>(5,376)</u>
Effect of exchange rate changes on cash and cash equivalents	(4)	184	127
Net increase (decrease) in cash and cash equivalents	<u>(8,884)</u>	<u>(3,295)</u>	<u>(1,049)</u>
Cash and cash equivalents, beginning of period	<u>25,383</u>	<u>28,678</u>	<u>20,912</u>
Cash and cash equivalents, end of period	<u>\$ 16,499</u>	<u>\$ 25,383</u>	<u>\$ 19,863</u>

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

	Three Months Ended					
	March 31, 2019		December 31, 2018		March 31, 2018	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
U.S. GAAP net (loss) income	\$ (8,559)	\$ (0.07)	\$ (5,193)	\$ (0.05)	\$ 149	\$ 0.00
Share-based compensation	3,456	0.03	5,485	0.05	3,367	0.03
Litigation expenses	-	-	3	0.00	2,670	0.02
Non-GAAP net (loss) income	<u>\$ (5,103)</u>	<u>\$ (0.04)</u>	<u>\$ 295</u>	<u>\$ 0.00</u>	<u>\$ 6,186</u>	<u>\$ 0.06</u>
Weighted average shares used in per share calculation		114,410		113,578		110,761

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

	Three Months Ended		
	March 31, 2019	December 31, 2018	March 31, 2018
U.S. GAAP net (loss) income	\$ (8,559)	\$ (5,193)	\$ 149
Depreciation and amortization	4,562	4,417	4,968
Interest expense	10	10	59
Interest and other (income) expense	(206)	(320)	(242)
Income tax expense (benefit)	124	190	(15)
EBITDA	\$ (4,069)	\$ (896)	\$ 4,919
Share-based compensation	3,456	5,485	3,367
Litigation expenses	-	3	2,670
Adjusted EBITDA	\$ (613)	\$ 4,592	\$ 10,956

Limelight Networks, Inc.
2019 Guidance

	2019 Guidance	
	April 17, 2019	January 30, 2019
Revenue	\$215 to \$225 million	\$215 to \$225 million
GAAP Basic EPS	Break-even to \$0.10	Break-even to \$0.10
Non-GAAP EPS	\$0.10 to \$0.20	\$0.10 to \$0.20
Adjusted EBITDA	\$30 to \$40 million	\$30 to \$40 million
Capital expenditures	\$20 to \$24 million	\$20 to \$24 million