

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

	June 30, 2019	March 31, 2019	December 31, 2018
	(Unaudited)	(Unaudited)	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 24,698	\$ 16,499	\$ 25,383
Marketable securities	4,224	22,142	25,083
Accounts receivable, net	31,098	29,505	26,041
Income taxes receivable	125	124	122
Prepaid expenses and other current assets	8,739	12,276	14,789
Total current assets	<u>68,884</u>	<u>80,546</u>	<u>91,418</u>
Property and equipment, net	35,531	32,996	27,378
Operating lease right of use assets	2,701	3,012	-
Marketable securities, less current portion	40	40	40
Deferred income taxes	1,443	1,508	1,462
Goodwill	76,848	76,707	76,407
Other assets	5,848	4,199	2,220
Total assets	<u>\$ 191,295</u>	<u>\$ 199,008</u>	<u>\$ 198,925</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 14,346	\$ 17,858	\$ 9,216
Deferred revenue	1,331	1,524	1,883
Operating lease liability obligations	1,579	1,620	-
Income taxes payable	270	186	124
Provision for litigation	-	4,500	9,000
Other current liabilities	15,227	11,656	12,922
Total current liabilities	<u>32,753</u>	<u>37,344</u>	<u>33,145</u>
Operating lease liability obligations, less current portions	1,325	1,630	-
Deferred income taxes	140	128	152
Deferred revenue, less current portion	149	105	42
Other long-term liabilities	283	263	435
Total liabilities	<u>34,650</u>	<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; 115,760 114,874 and 114,246 shares issued and outstanding at June 30, 2019, March 31, 2019 and December 31, 2018, respectively	116	115	114
Additional paid-in capital	520,375	516,251	513,682
Accumulated other comprehensive loss	(9,483)	(9,657)	(10,033)
Accumulated deficit	(354,363)	(347,171)	(338,612)
Total stockholders' equity	<u>156,645</u>	<u>159,538</u>	<u>165,151</u>
Total liabilities and stockholders' equity	<u>\$ 191,295</u>	<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					Six Months Ended		
	June 30, 2019	March 31, 2019	Percent Change	June 30, 2018	Percent Change	June 30, 2019	June 30, 2018	Percent Change
Revenue	\$ 45,904	\$ 43,280	6%	\$ 50,249	-9%	\$ 89,184	\$ 102,363	-13%
Cost of revenue:								
Cost of services (1)	22,769	22,941	-1%	21,206	7%	45,710	42,260	8%
Depreciation - network	4,628	4,317	7%	4,196	10%	8,944	8,576	4%
Total cost of revenue	<u>27,397</u>	<u>27,258</u>	1%	<u>25,402</u>	8%	<u>54,654</u>	<u>50,836</u>	8%
Gross profit	18,507	16,022	16%	24,847	-26%	34,530	51,527	-33%
Gross profit percentage	40.3%	37.0%		49.4%		38.7%	50.3%	
Operating expenses:								
General and administrative (1)	8,340	7,535	11%	7,517	11%	15,875	17,038	-7%
Sales and marketing (1)	10,994	10,972	0%	10,022	10%	21,966	20,302	8%
Research & development (1)	6,013	5,901	2%	6,073	-1%	11,915	12,412	-4%
Depreciation and amortization	127	245	-48%	633	-80%	372	1,221	-70%
Total operating expenses	<u>25,474</u>	<u>24,653</u>	3%	<u>24,245</u>	5%	<u>50,128</u>	<u>50,973</u>	-2%
Operating (loss) income	(6,967)	(8,631)	NM	602	NM	(15,598)	554	NM
Other income (expense):								
Interest expense	(10)	(10)	NM	(7)	NM	(20)	(66)	NM
Interest income	110	212	NM	134	NM	321	263	NM
Settlement and patent license income	-	-	NM	14,900	NM	-	14,900	NM
Other, net	(70)	(6)	NM	(221)	NM	(76)	(109)	NM
Total other income (expense)	<u>30</u>	<u>196</u>	NM	<u>14,806</u>	NM	<u>225</u>	<u>14,988</u>	NM
(Loss) income before income taxes	(6,937)	(8,435)	NM	15,408	NM	(15,373)	15,542	NM
Income tax expense	255	124	NM	249	NM	378	234	NM
Net (loss) income	<u>\$ (7,192)</u>	<u>\$ (8,559)</u>	NM	<u>\$ 15,159</u>	NM	<u>\$ (15,751)</u>	<u>\$ 15,308</u>	NM
Net (loss) income per share:								
Basic	<u>\$ (0.06)</u>	<u>\$ (0.07)</u>		<u>\$ 0.14</u>		<u>\$ (0.14)</u>	<u>\$ 0.14</u>	
Diluted	<u>\$ (0.06)</u>	<u>\$ (0.07)</u>		<u>\$ 0.13</u>		<u>\$ (0.14)</u>	<u>\$ 0.13</u>	
Weighted average shares used in per share calculation:								
Basic	115,275	114,410		111,356		114,843	111,059	
Diluted	115,275	114,410		120,033		114,843	119,454	

(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, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Share-based compensation:					
Cost of services	\$ 377	\$ 411	\$ 350	\$ 788	\$ 707
General and administrative	2,140	2,094	1,969	4,234	3,779
Sales and marketing	598	484	633	1,082	1,236
Research and development	534	467	605	1,001	1,202
Total share-based compensation	<u>\$ 3,649</u>	<u>\$ 3,456</u>	<u>\$ 3,557</u>	<u>\$ 7,105</u>	<u>\$ 6,924</u>
Depreciation and amortization:					
Network-related depreciation	\$ 4,628	\$ 4,317	\$ 4,196	\$ 8,944	\$ 8,576
Other depreciation and amortization	127	245	633	372	1,221
Total depreciation and amortization	<u>\$ 4,755</u>	<u>\$ 4,562</u>	<u>\$ 4,829</u>	<u>\$ 9,316</u>	<u>\$ 9,797</u>
Net increase (decrease) in cash, cash equivalents and marketable securities:	<u>\$ (9,719)</u>	<u>\$ (11,825)</u>	<u>\$ 1,875</u>	<u>\$ (21,544)</u>	<u>\$ (3,746)</u>
End of period statistics:					
Approximate number of active customers	621	643	689	621	689
Number of employees and employee equivalents	594	562	549	594	549

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

	Three Months Ended			Six Months Ended	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Operating activities					
Net (loss) income	\$ (7,192)	\$ (8,559)	\$ 15,159	\$ (15,751)	\$ 15,308
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	4,755	4,562	4,829	9,316	9,797
Share-based compensation	3,649	3,456	3,557	7,105	6,924
Settlement and patent license income	-	-	(14,900)	-	(14,900)
Foreign currency remeasurement (gain) loss	(135)	10	(271)	(125)	(161)
Deferred income taxes	82	(51)	(111)	31	(70)
(Gain) loss on sale of property and equipment	(21)	(30)	(97)	(51)	(113)
Accounts receivable charges	437	257	78	694	296
Amortization of premium on marketable securities	8	12	25	20	58
Changes in operating assets and liabilities:					
Accounts receivable	(2,031)	(3,720)	493	(5,751)	223
Prepaid expenses and other current assets	582	(474)	(655)	108	227
Income taxes receivable	-	(2)	61	(2)	(63)
Other assets	(1,685)	(1,737)	(72)	(3,422)	(567)
Accounts payable and other current liabilities	4,230	2,243	(3,298)	6,473	(5,584)
Deferred revenue	(148)	(297)	37	(445)	167
Income taxes payable	81	62	160	143	(237)
Payments related to litigation, net	(1,520)	(1,520)	(1,520)	(3,040)	(6,020)
Other long term liabilities	22	(175)	(19)	(152)	(170)
Net cash provided by (used in) operating activities	<u>1,114</u>	<u>(5,963)</u>	<u>3,456</u>	<u>(4,849)</u>	<u>5,115</u>
Investing activities					
Purchases of marketable securities	(1,013)	(9,266)	-	(10,279)	-
Sale and maturities of marketable securities	18,929	12,224	7,000	31,153	11,515
Purchases of property and equipment	(11,456)	(5,018)	(4,291)	(16,474)	(6,281)
Proceeds from sale of property and equipment	17	29	97	46	113
Net cash provided by (used in) investing activities	<u>6,477</u>	<u>(2,031)</u>	<u>2,806</u>	<u>4,446</u>	<u>5,347</u>
Financing activities					
Payment of employee tax withholdings related to restricted stock vesting	(619)	(894)	(1,206)	(1,513)	(2,812)
Cash paid for purchase of common stock	-	-	-	-	(3,800)
Proceeds from employee stock plans	1,095	8	4,032	1,103	4,062
Net cash provided by (used in) financing activities	<u>476</u>	<u>(886)</u>	<u>2,826</u>	<u>(410)</u>	<u>(2,550)</u>
Effect of exchange rate changes on cash and cash equivalents	132	(4)	(232)	128	(105)
Net increase (decrease) in cash and cash equivalents	<u>8,199</u>	<u>(8,884)</u>	<u>8,856</u>	<u>(685)</u>	<u>7,807</u>
Cash and cash equivalents, beginning of period	<u>16,499</u>	<u>25,383</u>	<u>19,863</u>	<u>25,383</u>	<u>20,912</u>
Cash and cash equivalents, end of period	<u>\$ 24,698</u>	<u>\$ 16,499</u>	<u>\$ 28,719</u>	<u>\$ 24,698</u>	<u>\$ 28,719</u>

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

	Three Months Ended						Six Months Ended			
	June 30, 2019		March 31, 2019		June 30, 2018		June 30, 2019		June 30, 2018	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
U.S. GAAP net (loss) income	\$ (7,192)	\$ (0.06)	\$ (8,559)	\$ (0.07)	\$ 15,159	\$ 0.14	\$ (15,751)	\$ (0.14)	\$ 15,308	\$ 0.14
Settlement and patent license income	-	-	-	-	(14,900)	(0.13)	-	-	(14,900)	(0.13)
Share-based compensation	3,649	0.03	3,456	0.03	3,557	0.03	7,105	0.06	6,924	0.06
Litigation expenses	-	-	-	-	215	0.00	-	-	2,885	0.03
Non-GAAP net (loss) income	<u>\$ (3,543)</u>	<u>\$ (0.03)</u>	<u>\$ (5,103)</u>	<u>\$ (0.04)</u>	<u>\$ 4,031</u>	<u>\$ 0.04</u>	<u>\$ (8,646)</u>	<u>\$ (0.08)</u>	<u>\$ 10,217</u>	<u>\$ 0.09</u>
Weighted average basic shares used in per share calculation		115,275		114,410		111,356		114,843		111,059

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

	Three Months Ended			Six Months Ended	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
U.S. GAAP net (loss) income	\$ (7,192)	\$ (8,559)	\$ 15,159	\$ (15,751)	\$ 15,308
Depreciation and amortization	4,755	4,562	4,829	9,316	9,797
Interest expense	10	10	7	20	66
Interest and other (income) expense	(40)	(206)	87	(245)	(154)
Income tax expense	255	124	249	378	234
EBITDA	\$ (2,212)	\$ (4,069)	\$ 20,331	\$ (6,282)	\$ 25,251
Settlement and patent license income	-	-	(14,900)	-	(14,900)
Share-based compensation	3,649	3,456	3,557	7,105	6,924
Litigation expenses	-	-	215	-	2,885
Adjusted EBITDA	<u>\$ 1,437</u>	<u>\$ (613)</u>	<u>\$ 9,203</u>	<u>\$ 823</u>	<u>\$ 20,160</u>