

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Operating activities					
Net income (loss)	\$ 2,458	\$ (2,751)	\$ (5,193)	\$ (16,044)	\$ 9,842
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	5,616	5,133	4,417	20,065	18,590
Share-based compensation	3,315	3,358	5,485	13,778	15,830
Settlement and patent license income	-	-	-	-	(14,900)
Foreign currency remeasurement (gain) loss	79	21	(65)	(25)	(162)
Deferred income taxes	300	(61)	103	270	17
(Gain) loss on sale of property and equipment	-	(5)	(6)	(56)	(137)
Accounts receivable charges	519	580	449	1,793	902
Amortization of premium on marketable securities	1	9	33	30	115
Realized loss on marketable securities	9	-	-	9	-
Changes in operating assets and liabilities:					
Accounts receivable	823	(5,300)	(343)	(10,228)	5,438
Prepaid expenses and other current assets	(324)	(885)	64	(1,101)	(2,466)
Income taxes receivable	(3)	45	25	40	(31)
Other assets	(1,547)	781	201	(4,188)	(558)
Accounts payable and other current liabilities	(2,383)	(2,798)	(1,807)	1,292	(4,333)
Deferred revenue	(232)	(112)	1,004	(789)	1,089
Income taxes payable	(143)	61	17	61	(333)
Payments related to litigation, net	-	-	(1,520)	(3,040)	(9,060)
Other long term liabilities	15	16	51	(121)	(121)
Net cash provided by (used in) operating activities	<u>8,503</u>	<u>(1,908)</u>	<u>2,915</u>	<u>1,746</u>	<u>19,722</u>
Investing activities					
Purchases of marketable securities	-	-	(4,669)	(10,279)	(20,631)
Sale and maturities of marketable securities	3,211	1,000	3,500	35,364	23,865
Purchases of property and equipment	(10,480)	(7,750)	(5,618)	(34,704)	(16,113)
Proceeds from sale of property and equipment	-	5	4	51	135
Net cash used in investing activities	<u>(7,269)</u>	<u>(6,745)</u>	<u>(6,783)</u>	<u>(9,568)</u>	<u>(12,744)</u>
Financing activities					
Payment of employee tax withholdings related to restricted stock vesting	(1,079)	(1,015)	(985)	(3,607)	(4,793)
Cash paid for the purchase of common stock	-	-	-	-	(3,800)
Proceeds from employee stock plans	3,290	13	1,374	4,406	6,173
Net cash provided by (used in) financing activities	<u>2,211</u>	<u>(1,002)</u>	<u>389</u>	<u>799</u>	<u>(2,420)</u>
Effect of exchange rate changes on cash and cash equivalents	58	(211)	184	(25)	(87)
Net increase (decrease) in cash and cash equivalents	<u>3,503</u>	<u>(9,866)</u>	<u>(3,295)</u>	<u>(7,048)</u>	<u>4,471</u>
Cash and cash equivalents, beginning of period	<u>14,832</u>	<u>24,698</u>	<u>28,678</u>	<u>25,383</u>	<u>20,912</u>
Cash and cash equivalents, end of period	<u>\$ 18,335</u>	<u>\$ 14,832</u>	<u>\$ 25,383</u>	<u>\$ 18,335</u>	<u>\$ 25,383</u>

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

	December 31, 2019	September 30, 2019	December 31, 2018
ASSETS	(Unaudited)	(Unaudited)	
Current assets:			
Cash and cash equivalents	\$ 18,335	\$ 14,832	\$ 25,383
Marketable securities	-	3,218	25,083
Accounts receivable, net	34,476	35,818	26,041
Income taxes receivable	82	77	122
Prepaid expenses and other current assets	9,920	9,522	14,789
Total current assets	62,813	63,467	91,418
Property and equipment, net	46,136	46,304	27,378
Operating lease right of use assets	12,842	12,667	-
Marketable securities, less current portion	40	40	40
Deferred income taxes	1,319	1,474	1,462
Goodwill	77,102	77,051	76,407
Other assets	9,117	7,394	2,220
Total assets	\$ 209,369	\$ 208,397	\$ 198,925
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 12,020	\$ 20,641	\$ 9,216
Deferred revenue	976	1,205	1,883
Operating lease liability obligations	2,056	1,870	-
Income taxes payable	178	325	124
Provision for litigation	-	-	9,000
Other current liabilities	13,398	12,516	12,922
Total current liabilities	28,628	36,557	33,145
Operating lease liability obligations, less current portion	13,488	13,331	-
Deferred income taxes	239	123	152
Deferred revenue, less current portion	161	162	42
Other long-term liabilities	316	300	435
Total liabilities	42,832	50,473	33,774
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; 118,368, 116,513 and 114,246 shares issued and outstanding at December 31, 2019, September 30, 2019 and December 31, 2018, respectively	118	117	114
Additional paid-in capital	530,285	524,758	513,682
Accumulated other comprehensive loss	(9,210)	(9,837)	(10,033)
Accumulated deficit	(354,656)	(357,114)	(338,612)
Total stockholders' equity	166,537	157,924	165,151
Total liabilities and stockholders' equity	\$ 209,369	\$ 208,397	\$ 198,925

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

	Three Months Ended					Twelve Months Ended		
	December 31, 2019	September 30, 2019	Percent Change	December 31, 2018	Percent Change	December 31, 2019	December 31, 2018	Percent Change
Revenue	\$ 60,129	\$ 51,321	17%	\$ 43,992	37%	\$ 200,634	\$ 195,670	3%
Cost of revenue:								
Cost of services (1)	28,586	25,602	12%	22,141	29%	99,897	85,920	16%
Depreciation - network	5,288	4,961	7%	3,941	34%	19,193	16,277	18%
Total cost of revenue	<u>33,874</u>	<u>30,563</u>	11%	<u>26,082</u>	30%	<u>119,090</u>	<u>102,197</u>	17%
Gross profit	26,255	20,758	26%	17,910	47%	81,544	93,473	-13%
Gross profit percentage	43.7%	40.4%		40.7%		40.6%	47.8%	
Operating expenses:								
General and administrative (1)	7,554	7,356	3%	7,482	1%	30,785	32,372	-5%
Sales and marketing (1)	10,399	10,713	-3%	9,484	10%	43,078	39,553	9%
Research & development (1)	5,459	5,160	6%	5,781	-6%	22,534	24,075	-6%
Depreciation and amortization	328	172	91%	476	-31%	872	2,313	-62%
Total operating expenses	<u>23,740</u>	<u>23,401</u>	1%	<u>23,223</u>	2%	<u>97,269</u>	<u>98,313</u>	-1%
Operating income (loss)	2,515	(2,643)	NM	(5,313)	NM	(15,725)	(4,840)	NM
Other income (expense):								
Interest expense	(45)	(10)	NM	(10)	NM	(76)	(86)	NM
Interest income	25	81	NM	230	NM	427	670	NM
Settlement and patent license income	-	-	NM	-	NM	-	14,900	NM
Other, net	169	(13)	NM	90	NM	80	(264)	NM
Total other income (expense)	<u>149</u>	<u>58</u>	NM	<u>310</u>	NM	<u>431</u>	<u>15,220</u>	NM
Income (loss) before income taxes	2,664	(2,585)	NM	(5,003)	NM	(15,294)	10,380	NM
Income tax expense	206	166	NM	190	NM	750	538	NM
Net income (loss)	<u>2,458</u>	<u>(2,751)</u>	NM	<u>(5,193)</u>	NM	<u>(16,044)</u>	<u>9,842</u>	NM
Net income (loss) per share:								
Basic	<u>\$ 0.02</u>	<u>\$ (0.02)</u>		<u>\$ (0.05)</u>		<u>\$ (0.14)</u>	<u>\$ 0.09</u>	
Diluted	<u>\$ 0.02</u>	<u>\$ (0.02)</u>		<u>\$ (0.05)</u>		<u>\$ (0.14)</u>	<u>\$ 0.08</u>	
Weighted average shares used in per share calculation:								
Basic	117,603	116,270		113,578		115,890	112,114	
Diluted	123,801	116,270		113,578		115,890	120,010	

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

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

	<u>Three Months Ended</u>			<u>Twelve Months Ended</u>	
	<u>December 31, 2019</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Share-based compensation:					
Cost of services	\$ 376	\$ 331	\$ 756	\$ 1,495	\$ 1,815
General and administrative	1,858	2,006	2,792	8,098	8,458
Sales and marketing	597	584	963	2,263	2,837
Research and development	484	437	974	1,922	2,720
Total share-based compensation	<u>\$ 3,315</u>	<u>\$ 3,358</u>	<u>\$ 5,485</u>	<u>\$ 13,778</u>	<u>\$ 15,830</u>
Depreciation and amortization:					
Network-related depreciation	\$ 5,288	\$ 4,961	\$ 3,941	\$ 19,193	\$ 16,277
Other depreciation and amortization	328	172	476	872	2,313
Total depreciation and amortization	<u>\$ 5,616</u>	<u>\$ 5,133</u>	<u>\$ 4,417</u>	<u>\$ 20,065</u>	<u>\$ 18,590</u>
Net increase (decrease) in cash, cash equivalents and marketable securities:	<u>\$ 285</u>	<u>\$ (10,872)</u>	<u>\$ (2,169)</u>	<u>\$ (32,131)</u>	<u>\$ 1,150</u>
End of period statistics:					
Approximate number of active customers	599	609	649	599	649
Number of employees and employee equivalents	610	609	563	610	563

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

	Three Months Ended						Twelve Months Ended			
	December 31, 2019		September 30, 2019		December 31, 2018		December 31, 2019		December 31, 2018	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
U.S. GAAP net income (loss)	\$ 2,458	\$ 0.02	\$ (2,751)	\$ (0.02)	\$ (5,193)	\$ (0.05)	\$ (16,044)	\$ (0.14)	\$ 9,842	\$ 0.09
Settlement and patent license income	-	-	-	-	-	-	-	-	(14,900)	(0.13)
Share-based compensation	3,315	0.03	3,358	0.03	5,485	0.05	13,778	0.12	15,830	0.14
Litigation expenses	-	-	-	-	3	0.00	-	-	2,907	0.03
Non-GAAP net income	<u>\$ 5,773</u>	<u>\$ 0.05</u>	<u>\$ 607</u>	<u>\$ 0.01</u>	<u>\$ 295</u>	<u>\$ 0.00</u>	<u>\$ (2,266)</u>	<u>\$ (0.02)</u>	<u>\$ 13,679</u>	<u>\$ 0.12</u>
Weighted average shares used in per share calculation		117,603		116,270		113,578		115,890		112,114

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

	<u>Three Months Ended</u>			<u>Twelve Months Ended</u>	
	<u>December 31, 2019</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
U.S. GAAP net income (loss)	\$ 2,458	\$ (2,751)	\$ (5,193)	\$ (16,044)	\$ 9,842
Depreciation and amortization	5,616	5,133	4,417	20,065	18,590
Interest expense	45	10	10	76	86
Interest and other (income) expense	(194)	(68)	(320)	(507)	(406)
Income tax expense	206	166	190	750	538
EBITDA	<u>\$ 8,131</u>	<u>\$ 2,490</u>	<u>\$ (896)</u>	<u>\$ 4,340</u>	<u>\$ 28,650</u>
Settlement and patent license income	-	-	-	-	(14,900)
Share-based compensation	3,315	3,358	5,485	13,778	15,830
Litigation expenses	-	-	3	-	2,907
Adjusted EBITDA	<u><u>\$ 11,446</u></u>	<u><u>\$ 5,848</u></u>	<u><u>\$ 4,592</u></u>	<u><u>\$ 18,118</u></u>	<u><u>\$ 32,487</u></u>