

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

	September 30, 2019	June 30, 2019	December 31, 2018
	(Unaudited)	(Unaudited)	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 14,832	\$ 24,698	\$ 25,383
Marketable securities	3,218	4,224	25,083
Accounts receivable, net	35,818	31,098	26,041
Income taxes receivable	77	125	122
Prepaid expenses and other current assets	9,522	8,739	14,789
Total current assets	63,467	68,884	91,418
Property and equipment, net	46,304	35,531	27,378
Operating lease right of use assets	12,667	2,701	-
Marketable securities, less current portion	40	40	40
Deferred income taxes	1,474	1,443	1,462
Goodwill	77,051	76,848	76,407
Other assets	7,394	5,848	2,220
Total assets	\$ 208,397	\$ 191,295	\$ 198,925
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 20,641	\$ 14,346	\$ 9,216
Deferred revenue	1,205	1,331	1,883
Operating lease liability obligations	1,870	1,579	-
Income taxes payable	325	270	124
Provision for litigation	-	-	9,000
Other current liabilities	12,516	15,227	12,922
Total current liabilities	36,557	32,753	33,145
Operating lease liability obligations, less current portions	13,331	1,325	-
Deferred income taxes	123	140	152
Deferred revenue, less current portion	162	149	42
Other long-term liabilities	300	283	435
Total liabilities	50,473	34,650	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; 116,513, 115,760 and 114,246 shares issued and outstanding at September 30, 2019, June 30, 2019 and December 31, 2018, respectively	117	116	114
Additional paid-in capital	524,758	520,375	513,682
Accumulated other comprehensive loss	(9,837)	(9,483)	(10,033)
Accumulated deficit	(357,114)	(354,363)	(338,612)
Total stockholders' equity	157,924	156,645	165,151
Total liabilities and stockholders' equity	\$ 208,397	\$ 191,295	\$ 198,925

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

	Three Months Ended					Nine Months Ended		
	September 30, 2019	June 30, 2019	Percent Change	September 30, 2018	Percent Change	September 30, 2019	September 30, 2018	Percent Change
Revenue	\$ 51,321	\$ 45,904	12%	\$ 49,315	4%	\$ 140,505	\$ 151,678	-7%
Cost of revenue:								
Cost of services (1)	25,602	22,769	12%	21,519	19%	71,311	63,779	12%
Depreciation - network	4,961	4,628	7%	3,761	32%	13,905	12,337	13%
Total cost of revenue	<u>30,563</u>	<u>27,397</u>	12%	<u>25,280</u>	21%	<u>85,216</u>	<u>76,116</u>	12%
Gross profit	20,758	18,507	12%	24,035	-14%	55,289	75,562	-27%
Gross profit percentage	40.4%	40.3%		48.7%		39.4%	49.8%	
Operating expenses:								
General and administrative (1)	7,356	8,340	-12%	7,851	-6%	23,231	24,890	-7%
Sales and marketing (1)	10,713	10,994	-3%	9,766	10%	32,679	30,068	9%
Research & development (1)	5,160	6,013	-14%	5,882	-12%	17,075	18,294	-7%
Depreciation and amortization	172	127	35%	616	-72%	545	1,837	-70%
Total operating expenses	<u>23,401</u>	<u>25,474</u>	-8%	<u>24,115</u>	-3%	<u>73,530</u>	<u>75,089</u>	-2%
Operating (loss) income	(2,643)	(6,967)	NM	(80)	NM	(18,241)	473	NM
Other income (expense):								
Interest expense	(10)	(10)	NM	(10)	NM	(30)	(76)	NM
Interest income	81	110	NM	177	NM	402	440	NM
Settlement and patent license income	-	-	NM	-	NM	-	14,900	NM
Other, net	(13)	(70)	NM	(246)	NM	(89)	(355)	NM
Total other income (expense)	<u>58</u>	<u>30</u>	NM	<u>(79)</u>	NM	<u>283</u>	<u>14,909</u>	NM
(Loss) income before income taxes	(2,585)	(6,937)	NM	(159)	NM	(17,958)	15,382	NM
Income tax expense	166	255	NM	113	NM	544	347	NM
Net (loss) income	<u>\$ (2,751)</u>	<u>\$ (7,192)</u>	NM	<u>\$ (272)</u>	NM	<u>\$ (18,502)</u>	<u>\$ 15,035</u>	NM
Net (loss) income per share:								
Basic	<u>\$ (0.02)</u>	<u>\$ (0.06)</u>		<u>\$ (0.00)</u>		<u>\$ (0.16)</u>	<u>\$ 0.13</u>	
Diluted	<u>\$ (0.02)</u>	<u>\$ (0.06)</u>		<u>\$ (0.00)</u>		<u>\$ (0.16)</u>	<u>\$ 0.13</u>	
Weighted average shares used in per share calculation:								
Basic	116,270	115,275		112,760		115,318	111,626	
Diluted	116,270	115,275		112,760		115,318	120,025	

(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>Nine Months Ended</u>	
	<u>September 30, 2019</u>	<u>June 30, 2019</u>	<u>September 30, 2018</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Share-based compensation:					
Cost of services	\$ 331	\$ 377	\$ 352	\$ 1,119	\$ 1,059
General and administrative	2,006	2,140	1,887	6,240	5,666
Sales and marketing	584	598	638	1,666	1,874
Research and development	437	534	544	1,438	1,746
Total share-based compensation	<u>\$ 3,358</u>	<u>\$ 3,649</u>	<u>\$ 3,421</u>	<u>\$ 10,463</u>	<u>\$ 10,345</u>
Depreciation and amortization:					
Network-related depreciation	\$ 4,961	\$ 4,628	\$ 3,761	\$ 13,905	\$ 12,337
Other depreciation and amortization	172	127	616	545	1,837
Total depreciation and amortization	<u>\$ 5,133</u>	<u>\$ 4,755</u>	<u>\$ 4,377</u>	<u>\$ 14,450</u>	<u>\$ 14,174</u>
Net increase (decrease) in cash, cash equivalents and marketable securities:	<u>\$ (10,872)</u>	<u>\$ (9,719)</u>	<u>\$ 7,065</u>	<u>\$ (32,416)</u>	<u>\$ 3,319</u>
End of period statistics:					
Approximate number of active customers	609	621	667	609	667
Number of employees and employee equivalents	609	594	551	609	551

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

	Three Months Ended			Nine Months Ended	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Operating activities					
Net (loss) income	\$ (2,751)	\$ (7,192)	\$ (272)	\$ (18,502)	\$ 15,035
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	5,133	4,755	4,377	14,450	14,174
Share-based compensation	3,358	3,649	3,421	10,463	10,345
Settlement and patent license income	-	-	-	-	(14,900)
Foreign currency remeasurement (gain) loss	21	(135)	64	(104)	(97)
Deferred income taxes	(61)	82	(16)	(30)	(86)
(Gain) loss on sale of property and equipment	(5)	(21)	(18)	(56)	(131)
Accounts receivable charges	580	437	157	1,274	453
Amortization of premium on marketable securities	9	8	24	29	82
Changes in operating assets and liabilities:					
Accounts receivable	(5,300)	(2,031)	5,558	(11,051)	5,781
Prepaid expenses and other current assets	(885)	582	(2,757)	(777)	(2,530)
Income taxes receivable	45	-	7	43	(56)
Other assets	781	(1,685)	(192)	(2,641)	(759)
Accounts payable and other current liabilities	(2,798)	4,230	3,058	3,675	(2,526)
Deferred revenue	(112)	(148)	(82)	(557)	85
Income taxes payable	61	81	(113)	204	(350)
Payments related to litigation, net	-	(1,520)	(1,520)	(3,040)	(7,540)
Other long term liabilities	16	22	(4)	(137)	(173)
Net cash (used in) provided by operating activities	<u>(1,908)</u>	<u>1,114</u>	<u>11,692</u>	<u>(6,757)</u>	<u>16,807</u>
Investing activities					
Purchases of marketable securities	-	(1,013)	(15,962)	(10,279)	(15,962)
Sale and maturities of marketable securities	1,000	18,929	8,850	32,153	20,365
Purchases of property and equipment	(7,750)	(11,456)	(4,214)	(24,224)	(10,495)
Proceeds from sale of property and equipment	5	17	18	51	131
Net cash (used in) provided by investing activities	<u>(6,745)</u>	<u>6,477</u>	<u>(11,308)</u>	<u>(2,299)</u>	<u>(5,961)</u>
Financing activities					
Payment of employee tax withholdings related to restricted stock vesting	(1,015)	(619)	(996)	(2,528)	(3,808)
Cash paid for purchase of common stock	-	-	-	-	(3,800)
Proceeds from employee stock plans	13	1,095	737	1,116	4,799
Net cash (used in) provided by financing activities	<u>(1,002)</u>	<u>476</u>	<u>(259)</u>	<u>(1,412)</u>	<u>(2,809)</u>
Effect of exchange rate changes on cash and cash equivalents	(211)	132	(166)	(83)	(271)
Net (decrease) increase in cash and cash equivalents	<u>(9,866)</u>	<u>8,199</u>	<u>(41)</u>	<u>(10,551)</u>	<u>7,766</u>
Cash and cash equivalents, beginning of period	<u>24,698</u>	<u>16,499</u>	<u>28,719</u>	<u>25,383</u>	<u>20,912</u>
Cash and cash equivalents, end of period	<u>\$ 14,832</u>	<u>\$ 24,698</u>	<u>\$ 28,678</u>	<u>\$ 14,832</u>	<u>\$ 28,678</u>

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

	Three Months Ended						Nine Months Ended			
	September 30, 2019		June 30, 2019		September 30, 2018		September 30, 2019		September 30, 2018	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
U.S. GAAP net (loss) income	\$ (2,751)	\$ (0.02)	\$ (7,192)	\$ (0.06)	\$ (272)	\$ (0.00)	\$ (18,502)	\$ (0.16)	\$ 15,035	\$ 0.13
Settlement and patent license income	-	-	-	-	-	-	-	-	(14,900)	(0.13)
Share-based compensation	3,358	0.03	3,649	0.03	3,421	0.03	10,463	0.09	10,345	0.09
Litigation expenses	-	-	-	-	19	0.00	-	-	2,904	0.03
Non-GAAP net income (loss)	<u>\$ 607</u>	<u>\$ 0.01</u>	<u>\$ (3,543)</u>	<u>\$ (0.03)</u>	<u>\$ 3,168</u>	<u>\$ 0.03</u>	<u>\$ (8,039)</u>	<u>\$ (0.07)</u>	<u>\$ 13,384</u>	<u>\$ 0.12</u>
Weighted average basic shares used in per share calculation		116,270		115,275		112,760		115,318		111,626

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

	Three Months Ended			Nine Months Ended	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
U.S. GAAP net (loss) income	\$ (2,751)	\$ (7,192)	\$ (272)	\$ (18,502)	\$ 15,035
Depreciation and amortization	5,133	4,755	4,377	14,450	14,174
Interest expense	10	10	10	30	76
Interest and other (income) expense	(68)	(40)	69	(313)	(85)
Income tax expense	166	255	113	544	347
EBITDA	\$ 2,490	\$ (2,212)	\$ 4,297	\$ (3,791)	\$ 29,547
Settlement and patent license income	-	-	-	-	(14,900)
Share-based compensation	3,358	3,649	3,421	10,463	10,345
Litigation expenses	-	-	19	-	2,904
Adjusted EBITDA	<u>\$ 5,848</u>	<u>\$ 1,437</u>	<u>\$ 7,737</u>	<u>\$ 6,672</u>	<u>\$ 27,896</u>