

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

	March 31, 2018	December 31, 2017
	<u>(Unaudited)</u>	<u></u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 19,863	\$ 20,912
Marketable securities	23,832	28,404
Accounts receivable, net	32,433	32,381
Income taxes receivable	224	98
Prepaid expenses and other current assets	5,717	5,397
Total current assets	<u>82,069</u>	<u>87,192</u>
Property and equipment, net	27,371	28,991
Marketable securities, less current portion	40	40
Deferred income taxes	1,546	1,506
Goodwill	77,027	77,054
Other assets	2,174	1,665
Total assets	<u>\$ 190,227</u>	<u>\$ 196,448</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,376	\$ 4,439
Deferred revenue	950	1,187
Income taxes payable	72	452
Provision for litigation	18,000	18,000
Other current liabilities	11,495	18,507
Total current liabilities	<u>40,893</u>	<u>42,585</u>
Deferred income taxes	159	144
Deferred revenue, less current portion	16	16
Provision for litigation, less current portion	4,500	9,000
Other long-term liabilities	411	558
Total liabilities	<u>45,979</u>	<u>52,303</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; 110,657 and 110,824 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	111	111
Additional paid-in capital	500,305	502,312
Accumulated other comprehensive loss	(7,861)	(8,328)
Accumulated deficit	(348,307)	(349,950)
Total stockholders' equity	<u>144,248</u>	<u>144,145</u>
Total liabilities and stockholders' equity	<u>\$ 190,227</u>	<u>\$ 196,448</u>

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

	Three Months Ended				
	March 31, 2018	December 31, 2017	Percent Change	March 31, 2017	Percent Change
Revenues	\$ 52,114	\$ 48,186	8%	\$ 44,735	16%
Cost of revenue:					
Cost of services (1)	21,054	20,665	2%	19,007	11%
Depreciation - network	4,380	4,544	-4%	4,557	-4%
Total cost of revenue	25,434	25,209	1%	23,564	8%
Gross profit	26,680	22,977	16%	21,171	26%
Gross profit percentage	51.2%	47.7%		47.3%	
Operating expenses:					
General and administrative (1)	9,522	8,656	10%	8,514	12%
Sales and marketing (1)	10,280	8,997	14%	9,267	11%
Research & development (1)	6,339	5,965	6%	6,220	2%
Depreciation and amortization	588	587	0%	589	0%
Total operating expenses	26,729	24,205	10%	24,590	9%
Operating loss	(49)	(1,228)	-96%	(3,419)	-99%
Other income (expense):					
Interest expense	(59)	(38)	55%	(14)	321%
Interest income	130	128	2%	117	11%
Other, net	112	204	-45%	87	29%
Total other income	183	294	-38%	190	-4%
Income (loss) before income taxes	134	(934)	-114%	(3,229)	-104%
Income tax (benefit) expense	(15)	(22)	-32%	108	-114%
Net income (loss)	\$ 149	\$ (912)	-116%	\$ (3,337)	-104%
Net income (loss) per share:					
Basic	\$ 0.00	\$ (0.01)		\$ (0.03)	
Diluted	\$ 0.00	\$ (0.01)		\$ (0.03)	
Weighted average shares used in per share calculation:					
Basic	110,761	110,128		107,363	
Diluted	118,909	110,128		107,363	

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

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

	Three Months Ended		
	March 31, 2018	December 31, 2017	March 31, 2017
Share-based compensation:			
Cost of services	\$ 357	\$ 375	\$ 359
General and administrative	1,810	1,729	1,534
Sales and marketing	603	622	620
Research and development	597	576	562
Total share-based compensation	\$ 3,367	\$ 3,302	\$ 3,075
Depreciation and amortization:			
Network-related depreciation	\$ 4,380	\$ 4,544	\$ 4,557
Other depreciation and amortization	588	587	589
Total depreciation and amortization	\$ 4,968	\$ 5,131	\$ 5,146
Net decrease in cash, cash equivalents and marketable securities:	\$ (5,621)	\$ (8,376)	\$ (5,359)
End of period statistics:			
Approximate number of active customers	703	717	813
Number of employees and employee equivalents	544	533	528

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

	Three Months Ended		
	March 31, 2018	December 31, 2017	March 31, 2017
Operating activities			
Net income (loss)	\$ 149	\$ (912)	\$ (3,337)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,968	5,131	5,146
Share-based compensation	3,367	3,302	3,075
Foreign currency remeasurement loss	110	140	289
Deferred income taxes	41	(108)	(50)
Gain on sale of property and equipment	(16)	(316)	(75)
Accounts receivable charges	218	217	249
Amortization of premium on marketable securities	33	55	83
Changes in operating assets and liabilities:			
Accounts receivable	(270)	(3,886)	978
Prepaid expenses and other current assets	882	(887)	914
Income taxes receivable	(124)	4	29
Other assets	(495)	249	(3)
Accounts payable and other current liabilities	(2,286)	(730)	(1,160)
Deferred revenue	130	(507)	(302)
Income taxes payable	(397)	69	(4)
Payments for provision for litigation	(4,500)	(4,500)	(4,500)
Other long term liabilities	(151)	(206)	(197)
Net cash provided by (used in) operating activities	<u>1,659</u>	<u>(2,885)</u>	<u>1,135</u>
Investing activities			
Purchases of marketable securities	-	(4,547)	(4,526)
Sale and maturities of marketable securities	4,515	13,012	7,250
Purchases of property and equipment	(1,990)	(4,919)	(5,745)
Proceeds from sale of property and equipment	16	14	58
Net cash provided by (used in) investing activities	<u>2,541</u>	<u>3,560</u>	<u>(2,963)</u>
Financing activities			
Payment of employee tax withholdings related to restricted stock vesting	(1,606)	(1,925)	(1,036)
Cash paid for purchase of common stock	(3,800)	-	-
Proceeds from employee stock plans	30	1,448	111
Net cash used in financing activities	<u>(5,376)</u>	<u>(477)</u>	<u>(925)</u>
Effect of exchange rate changes on cash and cash equivalents	127	(30)	171
Net (decrease) increase in cash and cash equivalents	<u>(1,049)</u>	<u>168</u>	<u>(2,582)</u>
Cash and cash equivalents, beginning of period	<u>20,912</u>	<u>20,744</u>	<u>21,734</u>
Cash and cash equivalents, end of period	<u>\$ 19,863</u>	<u>\$ 20,912</u>	<u>\$ 19,152</u>

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

	Three Months Ended					
	March 31, 2018		December 31, 2017		March 31, 2017	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
U.S. GAAP net income (loss)	\$ 149	\$ 0.00	\$ (912)	\$ (0.01)	\$ (3,337)	\$ (0.03)
Share-based compensation	3,367	0.03	3,302	0.03	3,075	0.03
Litigation expenses	2,670	0.02	1,470	0.01	1,909	0.02
Non-GAAP net income	<u>\$ 6,186</u>	<u>\$ 0.06</u>	<u>\$ 3,860</u>	<u>\$ 0.04</u>	<u>\$ 1,647</u>	<u>\$ 0.02</u>
Weighted average basic shares used in per share calculation		110,761		110,128		107,363

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

	Three Months Ended		
	March 31, 2018	December 31, 2017	March 31, 2017
U.S. GAAP net income (loss)	\$ 149	\$ (912)	\$ (3,337)
Depreciation and amortization	4,968	5,131	5,146
Interest expense	59	38	14
Interest and other (income) expense	(242)	(332)	(204)
Income tax (benefit) expense	(15)	(22)	108
EBITDA	\$ 4,919	\$ 3,903	\$ 1,727
Share-based compensation	3,367	3,302	3,075
Litigation expenses	2,670	1,470	1,909
Adjusted EBITDA	\$ 10,956	\$ 8,675	\$ 6,711

Limelight Networks, Inc.
2018 Guidance

	2018 Guidance	
	April 19, 2018	February 7, 2018
Revenue	\$198 to \$202 million	\$196 to \$200 million
Gross margin percentage	Expansion of more than 150 basis points over 2017	Expansion of more than 100 basis points over 2017
GAAP EPS	\$0.07 to \$0.11	\$(0.07) to \$(0.03)
Non-GAAP EPS	\$0.13 to \$0.17	\$0.11 to \$0.15
Adjusted EBITDA	\$33 to \$37 million	\$32 to \$36 million
Capital expenditures	\$20 to \$22 million	\$22 to \$24 million