

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

	December 31, 2018	September 30, 2018	December 31, 2017
	(Unaudited)	(Unaudited)	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 25,383	\$ 28,678	\$ 20,912
Marketable securities	25,083	23,957	28,404
Accounts receivable, net	26,041	26,147	32,381
Income taxes receivable	122	154	98
Prepaid expenses and other current assets	14,789	17,859	5,397
Total current assets	91,418	96,795	87,192
Property and equipment, net	27,378	27,392	28,991
Marketable securities, less current portion	40	40	40
Deferred income taxes	1,462	1,590	1,506
Goodwill	76,407	76,683	77,054
Other assets	2,220	2,434	1,665
Total assets	\$ 198,925	\$ 204,934	\$ 196,448
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 9,216	\$ 8,976	\$ 4,439
Deferred revenue	1,883	853	1,187
Income taxes payable	124	111	452
Provision for litigation	9,000	13,500	18,000
Other current liabilities	12,922	13,804	18,507
Total current liabilities	33,145	37,244	42,585
Deferred income taxes	152	174	144
Deferred revenue, less current portion	42	68	16
Provision for litigation, less current portion	-	-	9,000
Other long-term liabilities	435	385	558
Total liabilities	33,774	37,871	52,303
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; 114,246, 113,198 and 110,824 shares issued and outstanding at December 31, 2018, September 30, 2018 and December 31, 2017, respectively	114	113	111
Additional paid-in capital	513,682	509,846	502,312
Accumulated other comprehensive loss	(10,033)	(9,477)	(8,328)
Accumulated deficit	(338,612)	(333,419)	(349,950)
Total stockholders' equity	165,151	167,063	144,145
Total liabilities and stockholders' equity	\$ 198,925	\$ 204,934	\$ 196,448

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

	Three Months Ended					Twelve Months Ended		
	December 31, 2018	September 30, 2018	Percent Change	December 31, 2017	Percent Change	December 31, 2018	December 31, 2017	Percent Change
Revenue	\$ 43,992	\$ 49,315	-11%	\$ 48,186	-9%	\$ 195,670	\$ 184,360	6%
Cost of revenue:								
Cost of services (1)	22,141	21,519	3%	20,665	7%	85,920	78,423	10%
Depreciation - network	3,941	3,761	5%	4,544	-13%	16,277	18,138	-10%
Total cost of revenue	<u>26,082</u>	<u>25,280</u>	3%	<u>25,209</u>	3%	<u>102,197</u>	<u>96,561</u>	6%
Gross profit	17,910	24,035	-25%	22,977	-22%	93,473	87,799	6%
Gross profit percentage	40.7%	48.7%		47.7%		47.8%	47.6%	
Operating expenses:								
General and administrative (1)	7,482	7,851	-5%	8,656	-14%	32,372	32,053	1%
Sales and marketing (1)	9,484	9,766	-3%	8,997	5%	39,553	36,098	10%
Research & development (1)	5,781	5,882	-2%	5,965	-3%	24,075	25,342	-5%
Depreciation and amortization	476	616	-23%	587	-19%	2,313	2,376	-3%
Total operating expenses	<u>23,223</u>	<u>24,115</u>	-4%	<u>24,205</u>	-4%	<u>98,313</u>	<u>95,869</u>	3%
Operating (loss) income	(5,313)	(80)	NM	(1,228)	NM	(4,840)	(8,070)	-40%
Other income (expense):								
Interest expense	(10)	(10)	NM	(38)	NM	(86)	(80)	NM
Interest income	230	177	NM	128	NM	670	494	NM
Settlement and patent license income	-	-	NM	-	NM	14,900	-	NM
Other, net	90	(246)	NM	204	NM	(264)	452	NM
Total other income (expense)	<u>310</u>	<u>(79)</u>	NM	<u>294</u>	NM	<u>15,220</u>	<u>866</u>	NM
(Loss) income before income taxes	(5,003)	(159)	NM	(934)	NM	10,380	(7,204)	NM
Income tax expense (benefit)	190	113	NM	(22)	NM	538	426	NM
Net (loss) income	<u>(5,193)</u>	<u>(272)</u>	NM	<u>(912)</u>	NM	<u>9,842</u>	<u>(7,630)</u>	NM
Net income (loss) per share:								
Basic	<u>\$ (0.05)</u>	<u>\$ (0.00)</u>		<u>\$ (0.01)</u>		<u>\$ 0.09</u>	<u>\$ (0.07)</u>	
Diluted	<u>\$ (0.05)</u>	<u>\$ (0.00)</u>		<u>\$ (0.01)</u>		<u>\$ 0.08</u>	<u>\$ (0.07)</u>	
Weighted average shares used in per share calculation:								
Basic	113,578	112,760		110,128		112,114	108,814	
Diluted	113,578	112,760		110,128		120,010	108,814	

(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, 2018</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Share-based compensation:					
Cost of services	\$ 756	\$ 352	\$ 375	\$ 1,815	\$ 1,450
General and administrative	2,792	1,887	1,729	8,458	6,502
Sales and marketing	963	638	622	2,837	2,470
Research and development	974	544	576	2,720	2,322
Total share-based compensation	<u>\$ 5,485</u>	<u>\$ 3,421</u>	<u>\$ 3,302</u>	<u>\$ 15,830</u>	<u>\$ 12,744</u>
Depreciation and amortization:					
Network-related depreciation	\$ 3,941	\$ 3,761	\$ 4,544	\$ 16,277	\$ 18,138
Other depreciation and amortization	476	616	587	2,313	2,376
Total depreciation and amortization	<u>\$ 4,417</u>	<u>\$ 4,377</u>	<u>\$ 5,131</u>	<u>\$ 18,590</u>	<u>\$ 20,514</u>
Net increase (decrease) in cash, cash equivalents and marketable securities:	<u>\$ (2,169)</u>	<u>\$ 7,065</u>	<u>\$ (8,376)</u>	<u>\$ 1,150</u>	<u>\$ (16,871)</u>
End of period statistics:					
Approximate number of active customers	649	667	717	649	717
Number of employees and employee equivalents	563	551	533	563	533

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Operating activities					
Net (loss) income	\$ (5,193)	\$ (272)	\$ (912)	\$ 9,842	\$ (7,630)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	4,417	4,377	5,131	18,590	20,514
Share-based compensation	5,485	3,421	3,302	15,830	12,744
Settlement and patent license income	-	-	-	(14,900)	-
Foreign currency remeasurement (gain) loss	(65)	64	140	(162)	798
Deferred income taxes	103	(16)	(108)	17	(325)
Gain on sale of property and equipment	(6)	(18)	(316)	(137)	(410)
Accounts receivable charges	449	157	217	902	949
Amortization of premium on marketable securities	33	24	55	115	283
Changes in operating assets and liabilities:					
Accounts receivable	(343)	5,558	(3,886)	5,438	(5,912)
Prepaid expenses and other current assets	64	(2,757)	(887)	(2,466)	(342)
Income taxes receivable	25	7	4	(31)	38
Other assets	201	(192)	249	(558)	270
Accounts payable and other current liabilities	(1,807)	3,058	(730)	(4,333)	4,019
Deferred revenue	1,004	(82)	(507)	1,089	(957)
Income taxes payable	17	(113)	69	(333)	249
Payments related to litigation, net	(1,520)	(1,520)	(4,500)	(9,060)	(18,000)
Other long term liabilities	51	(4)	(206)	(121)	(790)
Net cash provided by (used in) operating activities	<u>2,915</u>	<u>11,692</u>	<u>(2,885)</u>	<u>19,722</u>	<u>5,498</u>
Investing activities					
Purchases of marketable securities	(4,669)	(15,962)	(4,547)	(20,631)	(14,930)
Sale and maturities of marketable securities	3,500	8,850	13,012	23,865	30,756
Purchases of property and equipment	(5,618)	(4,214)	(4,919)	(16,113)	(20,725)
Proceeds from sale of property and equipment	4	18	14	135	97
Net cash (used in) provided by investing activities	<u>(6,783)</u>	<u>(11,308)</u>	<u>3,560</u>	<u>(12,744)</u>	<u>(4,802)</u>
Financing activities					
Payment of employee tax withholdings related to restricted stock vesting	(985)	(996)	(1,925)	(4,793)	(4,496)
Cash paid for the purchase of common stock	-	-	-	(3,800)	-
Proceeds from employee stock plans	1,374	737	1,448	6,173	2,648
Net cash provided by (used in) financing activities	<u>389</u>	<u>(259)</u>	<u>(477)</u>	<u>(2,420)</u>	<u>(1,848)</u>
Effect of exchange rate changes on cash and cash equivalents	184	(166)	(30)	(87)	330
Net increase (decrease) in cash and cash equivalents	<u>(3,295)</u>	<u>(41)</u>	<u>168</u>	<u>4,471</u>	<u>(822)</u>
Cash and cash equivalents, beginning of period	<u>28,678</u>	<u>28,719</u>	<u>20,744</u>	<u>20,912</u>	<u>21,734</u>
Cash and cash equivalents, end of period	<u>\$ 25,383</u>	<u>\$ 28,678</u>	<u>\$ 20,912</u>	<u>\$ 25,383</u>	<u>\$ 20,912</u>

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, 2018		September 30, 2018		December 31, 2017		December 31, 2018		December 31, 2017	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
U.S. GAAP net (loss) income	\$ (5,193)	\$ (0.05)	\$ (272)	\$ (0.00)	\$ (912)	\$ (0.01)	\$ 9,842	\$ 0.09	\$ (7,630)	\$ (0.07)
Settlement and patent license income	-	-	-	-	-	-	(14,900)	(0.13)	-	-
Share-based compensation	5,485	0.05	3,421	0.03	3,302	0.03	15,830	0.14	12,744	0.12
Litigation expenses	3	0.00	19	0.00	1,470	0.01	2,907	0.03	5,518	0.05
Non-GAAP net income	<u>\$ 295</u>	<u>\$ 0.00</u>	<u>\$ 3,168</u>	<u>\$ 0.03</u>	<u>\$ 3,860</u>	<u>\$ 0.04</u>	<u>\$ 13,679</u>	<u>\$ 0.12</u>	<u>\$ 10,632</u>	<u>\$ 0.10</u>
Weighted average shares used in per share calculation		113,578		112,760		110,128		112,114		108,814

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017
U.S. GAAP net (loss) income	\$ (5,193)	\$ (272)	\$ (912)	\$ 9,842	\$ (7,630)
Depreciation and amortization	4,417	4,377	5,131	18,590	20,514
Interest expense	10	10	38	86	80
Interest and other (income) expense	(320)	69	(332)	(406)	(946)
Income tax expense (benefit)	190	113	(22)	538	426
EBITDA	\$ (896)	\$ 4,297	\$ 3,903	\$ 28,650	\$ 12,444
Settlement and patent license income	-	-	-	(14,900)	-
Share-based compensation	5,485	3,421	3,302	15,830	12,744
Litigation expenses	3	19	1,470	2,907	5,518
Adjusted EBITDA	<u>\$ 4,592</u>	<u>\$ 7,737</u>	<u>\$ 8,675</u>	<u>\$ 32,487</u>	<u>\$ 30,706</u>

Limelight Networks, Inc.
2019 Guidance

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenue	\$215 to \$225 million	\$195.7 million	\$184.4 million
GAAP Basic EPS	Break-even to \$0.10	\$0.09	(\$0.07)
Non-GAAP EPS	\$0.10 to \$0.20	\$0.12	\$0.10
Adjusted EBITDA	\$30 to \$40 million	\$32.5 million	\$30.7 million
Capital expenditures	\$20 to \$24 million	\$16.1 million	\$20.7 million