

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

	March 31, 2020	December 31, 2019
	<u>(Unaudited)</u>	<u></u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 21,421	\$ 18,335
Accounts receivable, net	34,603	34,476
Income taxes receivable	76	82
Prepaid expenses and other current assets	11,205	9,920
Total current assets	<u>67,305</u>	<u>62,813</u>
Property and equipment, net	46,636	46,136
Operating lease right of use assets	12,084	12,842
Marketable securities, less current portion	40	40
Deferred income taxes	1,361	1,319
Goodwill	76,867	77,102
Other assets	8,721	9,117
Total assets	<u>\$ 213,014</u>	<u>\$ 209,369</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 14,297	\$ 12,020
Deferred revenue	726	976
Operating lease liability obligations	2,046	2,056
Income taxes payable	170	178
Other current liabilities	18,188	13,398
Total current liabilities	<u>35,427</u>	<u>28,628</u>
Operating lease liability obligations, less current portions	12,983	13,488
Deferred income taxes	262	239
Deferred revenue, less current portion	161	161
Other long-term liabilities	318	316
Total liabilities	<u>49,151</u>	<u>42,832</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; 119,642 and 118,368 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively	120	118
Additional paid-in capital	534,205	530,285
Accumulated other comprehensive loss	(10,549)	(9,210)
Accumulated deficit	(359,913)	(354,656)
Total stockholders' equity	<u>163,863</u>	<u>166,537</u>
Total liabilities and stockholders' equity	<u>\$ 213,014</u>	<u>\$ 209,369</u>

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

	Three Months Ended				
	March 31, 2020	December 31, 2019	Percent Change	March 31, 2019	Percent Change
Revenue	\$ 57,012	\$ 60,129	-5%	\$ 43,280	32%
Cost of revenue:					
Cost of services (1)	31,113	28,586	9%	22,941	36%
Depreciation - network	5,150	5,288	-3%	4,317	19%
Total cost of revenue	36,263	33,874	7%	27,258	33%
Gross profit	20,749	26,255	-21%	16,022	30%
Gross profit percentage	36.4%	43.7%		37.0%	
Operating expenses:					
General and administrative (1)	7,882	7,554	4%	7,535	5%
Sales and marketing (1)	11,894	10,399	14%	10,972	8%
Research & development (1)	5,618	5,459	3%	5,901	-5%
Depreciation and amortization	341	328	4%	245	39%
Total operating expenses	25,735	23,740	8%	24,653	4%
Operating (loss) income	(4,986)	2,515	NM	(8,631)	NM
Other income (expense):					
Interest expense	(10)	(45)	NM	(10)	NM
Interest income	25	25	NM	212	NM
Other, net	(110)	169	NM	(6)	NM
Total other income (expense)	(95)	149	NM	196	NM
(Loss) income before income taxes	(5,081)	2,664	NM	(8,435)	NM
Income tax expense	176	206	NM	124	NM
Net (loss) income	\$ (5,257)	\$ 2,458	NM	\$ (8,559)	NM
Net (loss) income per share:					
Basic	\$ (0.04)	\$ 0.02		\$ (0.07)	
Diluted	\$ (0.04)	\$ 0.02		\$ (0.07)	
Weighted average shares used in per share calculation:					
Basic	118,964	117,603		114,410	
Diluted	118,964	123,801		114,410	

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

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

	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
Share-based compensation:			
Cost of services	\$ 763	\$ 376	\$ 411
General and administrative	2,241	1,858	2,094
Sales and marketing	1,228	597	484
Research and development	832	484	467
Total share-based compensation	\$ 5,064	\$ 3,315	\$ 3,456
Depreciation and amortization:			
Network-related depreciation	\$ 5,150	\$ 5,288	\$ 4,317
Other depreciation and amortization	341	328	245
Total depreciation and amortization	\$ 5,491	\$ 5,616	\$ 4,562
Net increase (decrease) in cash, cash equivalents and marketable securities:	\$ 3,086	\$ 285	\$ (11,825)
End of period statistics:			
Approximate number of active customers	573	599	643
Number of employees and employee equivalents	616	610	562

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

	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
Operating activities			
Net (loss) income	\$ (5,257)	\$ 2,458	\$ (8,559)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	5,491	5,616	4,562
Share-based compensation	5,064	3,315	3,456
Foreign currency remeasurement loss (gain)	(397)	79	10
Deferred income taxes	(44)	300	(51)
Gain on sale of property and equipment	-	-	(30)
Accounts receivable charges	158	519	257
Amortization of premium on marketable securities	-	1	12
Realized loss on marketable securities	-	9	-
Changes in operating assets and liabilities:			
Accounts receivable	(285)	823	(3,720)
Prepaid expenses and other current assets	(1,433)	(324)	(474)
Income taxes receivable	3	(3)	(2)
Other assets	626	(1,547)	(1,737)
Accounts payable and other current liabilities	5,892	(2,383)	2,243
Deferred revenue	(250)	(232)	(297)
Income taxes payable	2	(143)	62
Payments related to litigation, net	-	-	(1,520)
Other long term liabilities	6	15	(175)
Net cash provided by (used in) operating activities	<u>9,576</u>	<u>8,503</u>	<u>(5,963)</u>
Investing activities			
Purchases of marketable securities	-	-	(9,266)
Sale and maturities of marketable securities	-	3,211	12,224
Purchases of property and equipment	(6,863)	(10,480)	(5,018)
Proceeds from sale of property and equipment	-	-	29
Net cash used in investing activities	<u>(6,863)</u>	<u>(7,269)</u>	<u>(2,031)</u>
Financing activities			
Payment of employee tax withholdings related to restricted stock vesting	(1,515)	(1,079)	(894)
Proceeds from employee stock plans	2,138	3,290	8
Net cash provided by (used in) financing activities	<u>623</u>	<u>2,211</u>	<u>(886)</u>
Effect of exchange rate changes on cash and cash equivalents	(250)	58	(4)
Net increase (decrease) in cash and cash equivalents	<u>3,086</u>	<u>3,503</u>	<u>(8,884)</u>
Cash and cash equivalents, beginning of period	<u>18,335</u>	<u>14,832</u>	<u>25,383</u>
Cash and cash equivalents, end of period	<u>\$ 21,421</u>	<u>\$ 18,335</u>	<u>\$ 16,499</u>

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

	Three Months Ended					
	March 31, 2020		December 31, 2019		March 31, 2019	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
U.S. GAAP net (loss) income	\$ (5,257)	\$ (0.04)	\$ 2,458	\$ 0.02	\$ (8,559)	\$ (0.07)
Share-based compensation	5,064	0.04	3,315	0.03	3,456	0.03
Non-GAAP net (loss) income	<u>\$ (193)</u>	<u>\$ (0.00)</u>	<u>\$ 5,773</u>	<u>\$ 0.05</u>	<u>\$ (5,103)</u>	<u>\$ (0.04)</u>
Weighted average shares used in per share calculation		118,964		117,603		114,410

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

	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
U.S. GAAP net (loss) income	\$ (5,257)	\$ 2,458	\$ (8,559)
Depreciation and amortization	5,491	5,616	4,562
Interest expense	10	45	10
Interest and other (income) expense	85	(194)	(206)
Income tax expense	176	206	124
EBITDA	\$ 505	\$ 8,131	\$ (4,069)
Share-based compensation	5,064	3,315	3,456
Adjusted EBITDA	\$ 5,569	\$ 11,446	\$ (613)

Limelight Networks, Inc.
2020 Guidance

	<u>April 2020</u>	<u>January 2020</u>	<u>December 2019</u>	<u>Actual 2019</u>
Revenue	\$225 to \$235 million	\$223 to \$235 million	\$220 to \$235 million	\$200.6 million
GAAP Basic EPS	\$(0.10) to break-even	\$(0.10) to break-even	\$(0.10) to break-even	\$(0.14)
Non-GAAP EPS	Break-even to \$0.10	Break-even to \$0.10	Break-even to \$0.10	\$(0.02)
Adjusted EBITDA	\$25 to \$35 million	\$25 to \$35 million	\$25 to \$35 million	\$18.1 million
Capital expenditures	\$25 to \$30 million	\$25 to \$30 million	\$25 to \$30 million	\$34.7 million